

Financials

Multicurrency Accounting

Training Guide

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Software Version: 2021 R1

Last Updated: 05/27/2021

How To Use This Course

This course provides a set of lessons that illustrate the multicurrency management processes in a midsize company, as well as the configuration that underlies this processing.

The course should be completed on Acumatica ERP 2021 R1. To complete the course, ask your system administrator to deploy an instance of Acumatica ERP for training, create a tenant, and preload the *U100* dataset to it; this dataset provides the preconfigured settings and entities you will need as you complete the course. (You can find detailed instructions on creating a tenant below.)

What Is in a Guide?

The guide includes the *Company Story* topic, configuration activities, and process activities. *Company Story* explains the organizational structure of the company, which has been preconfigured in the *U100* dataset, as well as the company's business processes and requirements. The primary content of the guide is configuration lessons and process lessons.



The configuration and process activities depend on one another and should be completed in the order in which they are presented in the course.

What Is in a Configuration Lesson

A *configuration lesson*—that is, a lesson dedicated to the configuration of system settings and entities—provides a brief overview of the required system configuration and a description of other settings that could affect the configuration workflow.

Each configuration lesson includes at least one implementation activity that you have to complete in your Acumatica ERP instance to configure the core system settings or to prepare system entities.

What Is in a Process Lesson

A *process lesson*—that is, a lesson dedicated to the performing of a particular business process—includes a brief user scenario, a description of the process workflow and can include process diagrams that illustrate the user scenario supported by this process. The lesson also provides a brief overview of the settings that need to be specified and the entities that need to be prepared in the system before you start to perform this business process.

Each process lesson includes at least one process activity that you have to complete in your Acumatica ERP instance to learn how to perform the described business process.

What Are the Documentation Resources

The complete Acumatica ERP documentation is available on <https://help.acumatica.com/> and is included in the Acumatica ERP instance. While viewing any form used in the course, you can click the **Open Help** button in the top pane to bring up a form-specific Help menu; you can use the links on this menu to quickly access form-related concepts and procedures and to open a reference topic with detailed descriptions of the form elements.

How to Create a Tenant with the *u100* Dataset

To add to an existing Acumatica ERP instance a tenant with the *U100* dataset, which is required for the completion of this course, and prepare the tenant for completing the activities, perform the following instructions:

1. Go to [Amazon Storage](#).
2. Open the folder of your Acumatica ERP instance version.
3. In this folder, open the **Snapshots** folder, and download the **u100.zip** file.
4. Launch the Acumatica ERP instance, and sign in.
5. Open the [**Tenants**](#) (SM203520) form, and click **Add New Record** on the form toolbar.
6. In the **Login Name** box, type the name to be used for the tenant.
7. On the form toolbar, click **Save**.
8. On the **Snapshots** tab, click **Import Snapshot**.
9. In the **Upload Snapshot Package** dialog box, select the **u100.zip** file, which you have downloaded, and click **Upload**.

The system uploads the snapshot to the **Snapshots** tab of the [**Tenants**](#) form.

10. On the form toolbar, click **Restore Snapshot**.
11. If the **Warning** dialog box appears, click **Yes**.
12. In the **Restore Snapshot** dialog box, make sure that the correct snapshot package is being uploaded, and click **OK**. The system will restore the snapshot and sign you out.

You are now on the Sign-In page, and you can sign in to the tenant you have just created.

Licensing Information

For the educational purposes of this course, you use Acumatica ERP under the trial license, which does not require activation and provides all available features. For production use of this functionality, you have to activate the license your organization has purchased. Each particular feature may be subject to additional licensing; please consult the Acumatica ERP sales policy for details.

Company Story

This topic explains the organizational structure and operational activity of the company with which you will work during this training.

Company Structure

The SweetLife Fruits & Jams company is a midsize company located in New York City. The company consists of the following branches:

- SweetLife Head Office and Wholesale Center: This branch of the company consists of a jam factory and a large warehouse where the company stores fruit (purchased from wholesale vendors) and the jam it produces. Warehouse workers perform warehouse operations by using barcode scanners or mobile devices with barcode scanning support.
- SweetLife Store: This branch has a retail shop with a small warehouse to which the goods to be sold are distributed from the company's main warehouse. This branch is also planning to sell goods via a website created on an e-commerce platform to accept orders online. The e-commerce integration project is underway.
- Service and Equipment Sales Center: This branch is a service center with a small warehouse where juicers are stored. This branch assembles juicers, sells juicers, installs juicers, trains customers' employees to operate juicers, and provides juicer servicing.

Operational Activity

The company has been operating starting in the 01-2020 financial period. In November 2020, the company started using Acumatica ERP as an ERP and CRM system and migrated all data of the main office and retail store to Acumatica ERP. Because the company has grown, the equipment center has begun its operations in 01-2021.

Company Purchases

The company purchases fruits and spices from large fruit vendors for sale and for jam production. For producing jams and packing jams and fruits, the company purchases jars, labels, and paper bags from various vendors. For the internal needs of the main office and store, the company purchases stationery (printing paper, pens, and pencils), computers, and computer accessories from various vendors. The company also purchases juicers and juicer parts for sale from a large juicer vendor and either purchases the installation service for the juicers or provides the installation service on its own, depending on the complexity of the installation.

Company Sales and Services

Each company's branch has its own business processes, as follows:

- SweetLife Head Office and Wholesale Center: In this branch, jams and fruit are sold to wholesale customers, such as restaurants and cafés. The company also conducts home canning training at the customer's location and webinars on the company's website.
- SweetLife Store: In the store, retail customers purchase fresh fruit, berries, and jams, or pick up the goods they have ordered on the website. Some of the goods listed in the website catalog are not stored in the retail warehouse, such as tropical fruits (which are purchased on demand) and tea (which is drop-shipped from a third-party vendor).

- Service and Equipment Sales Center: This branch assembles juicers, sells juicers, provides training on equipment use, and offers equipment installation, including site review and maintenance services. The branch performs one-time endeavors as well as complex projects with their own budgets.

Part 1: System Configuration for Multicurrency Operations

In Part 1 of the course, you will learn how to prepare the system for performing multicurrency operations in Acumatica ERP. In particular, you will perform the following tasks:

- Enabling the required system feature and configuring the currency management functionality
- Activating the foreign currencies to be used for accounting
- Configuring currency rate types and current rates

Lesson 1.1: Configuring the Multicurrency Functionality

Multicurrency Functionality: General Information

To start working with multiple currencies, you have to configure this functionality in Acumatica ERP. This chapter describes how to prepare for the configuration and how to perform configuration that meets your business needs.

Learning Objectives

In this chapter, you will learn how to do the following:

- Enable the required system feature
- Review the base currency and configure foreign currencies
- Manually configure a foreign currency

Applicable Scenarios

You configure the multicurrency functionality if your company works with foreign vendors and customers and you want to perform the following processes in Acumatica ERP:

- Maintaining the actual exchange rates for foreign currencies used in the system
- Maintaining bank accounts denominated in a foreign currency
- Creating and processing documents in a foreign currency
- Estimating unrealized gains and losses by revaluing open AP and AR documents
- Revaluing bank account balances
- Translating financial statements into a foreign currency to meet reporting needs

Scope of the Multicurrency Functionality in Acumatica ERP

The following subledgers and functional areas of Acumatica ERP support the processing of documents and transactions in foreign currencies:

- General ledger
- Cash management
- Accounts payable
- Accounts receivable and contract management
- Taxes (you can report taxes in a currency other than the base currency)
- Sales orders
- Purchase orders
- Purchase requisitions
- Time and expenses

Transactions can be processed in the base currency only in functionality related to fixed assets, deferred revenue, inventory, and project accounting in Acumatica ERP.

Workflow of the Implementation of the Multicurrency Functionality

To implement the multicurrency functionality in Acumatica ERP, you perform the following general steps:

1. On the [Chart of Accounts](#) (GL202500) form, you create the accounts that will be used in multicurrency operations. For more information, see [General Ledger: Chart of Accounts](#).
2. If subaccounts are used in your system and the **Allow Adding New Values On the Fly** check box is cleared for the *SUBACCOUNT* segmented key on the [Segmented Keys](#) (CS202000) form, you use the [Subaccounts](#) (GL203000) form to create the subaccounts that have been planned for the foreign currencies. For details on subaccounts, see [Currency Management: Configuration](#).
3. On the [Currencies](#) (CM202000) form, you specify the accounts the system will use for recording rounding gains and losses, and the accounts the system will use for recording realized gains and losses. For details, see [Multicurrency Functionality: Currency Rounding Rules](#).
4. On the [Currencies](#) form, you configure the foreign currencies to be used in the system. For an example with instructions, see [Multicurrency Functionality: Implementation Activity](#).
5. Optional: On the [Currency Rate Types](#) (CM201000) form, you create each of the planned rate types. For details, see [Configuration of Rate Types and Rates: General Information](#).
6. On the [Currency Rates](#) (CM201000) form, you define the effective exchange rates to be used by default in the created transactions and documents. For details, see [Configuration of Rate Types and Rates: To Configure Rates](#).
7. You define denominated accounts on the [Chart of Accounts](#) form. For details, see [Denominated Accounts](#).
8. Optional: On the [Automation Schedules](#) (SM205020) form, you set up a schedule for the system to automatically update the exchange rates. For details on using automation schedules, see [Scheduled Processing](#).

Multicurrency Functionality: Base Currency and Foreign Currencies

In Acumatica ERP, if the *Multicurrency Accounting* feature is not enabled on the [Enable/Disable Features](#) (CS100000) form, only one currency, which is called the *base currency*, is used for accounting. If this feature is enabled, you can activate foreign currencies in the system, which will be used for accounting and reporting purposes. The base currency will be used for reviewing journal transactions made in foreign currencies and for calculating and converting amounts in imported records.

Regardless of whether this feature is enabled, the base currency is the company's functional currency, and it is configured when a new tenant of Acumatica ERP is created. The base currency settings include the base currency identifier, the currency symbol, and the required decimal precision. Once an administrator has created the specified base currency in the system, the base currency identifier cannot be changed.



In the *U100* dataset, the base currency has already been specified in the company settings on the [Companies](#) (CS101500) form.

You can view all foreign currencies (which have been predefined based on the ISO 4217 standard) and their settings on the [Currencies](#) (CM202000) form. To configure any foreign currency for use in accounting, you define this currency as active (that is, you select the **Active** check box for it in the **General Settings** section of the [Currencies](#) form) and specify the accounts to be used in operations with this currency (on the **GL Accounts** tab of this form). If this check box is selected for the currency, you can use this currency in financial documents and transactions in the general ledger.

Multicurrency Functionality: Foreign Currency Settings

You edit the settings of a foreign currency on the [Currencies](#) (CM202000) form. On this form, you can edit the currency identifier, currency symbol, decimal precision, and description. To be able to use a particular foreign currency in transactions, you need to specify the accounts to be used in operations with this currency and define the currency exchange rates.



We recommend that you assign currency identifiers and currency symbols according to the ISO 4217 international standard. Otherwise, you will not be able to use the online update functionality for the currency rates.

Realized Gain and Realized Loss Accounts

When you activate a currency for use in accounting on the [Currencies](#) (CM202000) form, you specify the GL accounts to be used to record the realized gains or losses in the **Realized Gain and Loss Accounts** section of the form. When a payment or credit memo is applied to an AR document or a payment or debit adjustment is applied to an AP document, the system calculates the realized gains and losses.

Unrealized Gain and Unrealized Loss Accounts

The exchange rates of foreign currencies change over time; thus, to determine the current value of open documents in foreign currencies on a certain date, you need to revalue them by using the exchange rate effective on that date. For details, see [Revaluation of AP Documents: General Information](#) and [Revaluation of AR Documents: General Information](#).

As a result of the revaluation process, the system calculates the unrealized gains and losses and creates an auto-reversing revaluation batch. The GL accounts that you specify on the [Currencies](#) (CM202000) form for each foreign currency, which you specify as follows, determine the resulting unrealized gains and losses:

- You specify the accounts to which unrealized gains and losses are posted in the **Unrealized Gain Account** and **Unrealized Loss Account** boxes.



If subaccounts are used in your system, you specify the corresponding subaccounts in the **Unrealized Gain Subaccount** and **Unrealized Loss Subaccount** boxes. The system determines the specific subaccounts that will be used for recording unrealized gains and losses according to the rule specified in the **Combine Gain/Loss Sub. From** box on the [Currency Management Preferences](#) (CM101000) form.

- To post unrealized gains and losses to a separate account instead of the AP account of the vendor or the AR account of the customer, you specify accounts in the **AP Provisioning Account** and **AR Provisioning Account** boxes.



- If the provisioning account is not specified for the currency for which you are performing a revaluation, the resulting unrealized gain or loss is posted directly to the vendor's AP account or the customer's AR account.
- If subaccounts are used in your system, you specify the corresponding subaccounts in the **AP Provisioning Subaccount** and **AR Provisioning Subaccount** boxes.

If needed, you can select specific unrealized gain and loss accounts (and subaccounts) to be used for customers of a particular customer class on the [Customer Classes](#) (AR201000) form and for vendors of a particular class on the [Vendor Classes](#) (AP201000) form. The system will generate a separate transaction in the batch for each customer account of the customer class or each vendor account of the vendor class, respectively.

Revaluation Gain and Unrealized Loss Accounts

If your company performs operations in multiple currencies, you may need to maintain accounts denominated in a foreign currency. Because of the changes in currency rates over time, you have to perform revaluations of denominated accounts. For details, see [Revaluation of AP Documents: General Information](#), [Revaluation of AR Documents: General Information](#), and [Revaluation of Bank Accounts: General Information](#).

Gains or losses resulting from revaluation are posted to the revaluation gain or loss account (and subaccount, if subaccounts are used in your system) that is specified in the **Revaluation Gain and Loss Accounts** section on the [Currencies](#) (CM202000) form.

Rounding Gain and Loss Accounts

Any differences between the exact amounts and the rounded amounts that occur in operations with a foreign currency are accumulated in the Rounding Gain and Rounding Loss accounts and the respective subaccounts (if applicable), which you specify for the foreign currency in the **Rounding Gain and Loss Accounts** section on the [Currencies](#) (CM202000) form.

Rounding differences for the base currency may occur if the conversion of journal entries made in a foreign currency results in differences between the debit amounts and the credit amounts of the batch.

You specify the accounts for posting rounding gains and losses in the base currency on the [General Ledger Preferences](#) (GL102000) form.

Multicurrency Functionality: Currency Rounding Rules

Acumatica ERP uses the following basic rules for rounding:

- The exchange rates should be specified with eight significant figures. The exchange rates themselves are not rounded or truncated.



Exchange rates received from the [Open Exchange Rates API](#) service on the [Refresh Currency Rates](#) (CM507000) form are provided with six decimal places.

- The exchange rates are used for converting the transaction amounts from a foreign currency to the base currency.
- The amounts resulting from currency conversion operations are rounded up to the nearest currency subunit if the digit in the next decimal place is 5 or greater.

In this topic, you will read about the accounts used for recording the gains and losses that result from rounding, and you will consider an example of rounding in the system.

Rounding Examples

The Euro currency has two places after the decimal point that denote the number of cents. Suppose that the result of conversion of the U.S. dollar to the euro is an amount with more than two decimal places. The basic rounding rules (noted above) are applied as follows:

- If the digit in the third decimal place is less than 5, the amount in the second decimal place stays as it is. (For instance, 57.354 EUR becomes 57.35 EUR.)
- If the digit in the third decimal place is 5 or above, the amount in the second decimal place must be rounded up. (For example, 57.785 EUR becomes 57.79 EUR.)

Multicurrency Functionality: Implementation Activity

In the following implementation activity, you will learn how to enable the needed feature, configure currency management preferences, and specify other settings in the system to configure the multicurrency functionality in Acumatica ERP.

Story

Suppose that the SweetLife Fruits & Jams company decided to enable the *Multicurrency Accounting* feature in its system after its customers from Canada and Europe requested invoices in their local currency instead of the U.S. dollar. The company has hired an implementation consultant to configure the system to support these capabilities. The consultant has already updated the chart of accounts with the needed accounts.

Acting as the implementation consultant, you now need to perform the following actions:

- Enable the feature
- Review the currency management preferences

- Review the base currency and configure the foreign currencies (the Canadian dollar and the euro, which are assigned the *CAD* and *EUR* codes, respectively, in the system)

Process Overview

You will enable the needed feature on the [Enable/Disable Features](#) (CS100000) form and review the base currency on the [Currencies](#) (CM202000) form. You will then specify the GL accounts for the base currency on the [Currencies](#) form. On the [Currency Management Preferences](#) (CM101000) form, you will review the currency management preferences used in the system. Finally, you will configure two foreign currencies on the [Currencies](#) form.

System Preparation

Before you start configuring the multicurrency functionality, you need to sign in to a company with the *U100* dataset preloaded. Sign in as the implementation consultant by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Enabling the Needed Feature

You first need to enable the *Multicurrency Accounting* feature in the system, so that the needed forms and elements will be available in the system. Do the following:

1. Open the [Enable/Disable Features](#) (CS100000) form.
2. On the form toolbar, click **Modify** to make it possible to change the set of selected features.
3. Select the **Multicurrency Accounting** check box in the **Standard Financials** group.
4. On the form toolbar, click **Enable** to enable the selected feature.

Step 2: Reviewing the Base Currency

To review the base currency of the SweetLife company and its settings (which has already been specified for the company in the *U100* dataset during the configuration of the company), do the following:

1. Open the [Currencies](#) (CM202000) form.
2. In the **Currency ID** box, select *USD*.
3. In the Summary area, review the following settings:
 - **Currency Symbol:** \$
 - **Decimal Precision:** 2

This setting specifies the number of digits after the decimal point that will be used in arithmetic operations with the base currency. The system will round the currency amounts in operations according to the specified number. (For example, with **Decimal Precision** set to 2, the system will round 0.678 to 0.68.) To record the gains and losses from rounding operations, you need to specify the rounding gain and loss accounts for the base currency.

- **Active:** Selected

For the base currency, the **Active** check box is always selected and unavailable for editing.

- **Use for Accounting:** Selected

For the base currency, the **Use for Accounting** check box is always selected and unavailable for editing.

Step 3: Specifying GL Accounts for the Base Currency

To specify the GL accounts used for the base currency (USD), do the following:

1. While you are still on the [Currencies](#) (CM202000) form with the *USD* currency selected, specify the following settings:
 - **Realized Gain Account:** *83000 - Realized Gain/Loss Currency*
 - **Realized Loss Account:** *83000 - Realized Gain/Loss Currency*
 - **Rounding Gain Account (Rounding Settings section):** *83100 - Rounding Gain/Loss*
 - **Rounding Loss Account (Rounding Settings section):** *83100 - Rounding Gain/Loss*

These accounts will be used to record gains and losses resulting from rounding operations with the base currency and to accumulate realized gains and losses resulting from operations with the base currency.

2. On the form toolbar, click **Save** to save your changes.

Step 4: Reviewing Currency Management Preferences

To review the currency management preferences, do the following:

1. Open the [Currency Management Preferences](#) (CM101000) form.
2. In the **Setup and Numbering Settings** section, review the ID of the batch numbering sequence that will be used for multicurrency transactions.
3. In the **Posting Settings** section, make sure that the **Automatically Post to GL on Release** check box is selected.
4. On the form toolbar, click **Save**.

Step 5: Activating Foreign Currencies for Use in Accounting

To activate the needed foreign currencies, *CAD* and *EUR*, to be used in accounting, do the following:

1. Open the [Currencies](#) (CM202000) form.
2. In the **Currency ID** box of the Summary area, select *CAD*.
3. Select the **Active** check box.
4. Select the **Use for Accounting** check box.
5. On the **GL Accounts** tab, specify the following settings for the Canadian dollar:
 - **Realized Gain Account:** *42010 (Realized Gain CAD)*

This account will accumulate the realized gains.

- **Realized Loss Account:** 82010 (*Realized Loss CAD*)

This account will accumulate the realized losses.

- **Unrealized Gain Account:** 84000 (*Unrealized Gain/Loss Currency*)

The account will be used for accumulating unrealized gains from AP and AR revaluations.

- **Unrealized Loss Account:** 84000 (*Unrealized Gain/Loss Currency*)

The account will be used for accumulating unrealized losses from AP and AR revaluations.

- **Revaluation Gain Account:** 84010 (*Cash Account Revaluation Gain/Loss CAD*)

This account will accumulate the gains from GL revaluations.

- **Revaluation Loss Account:** 84010 (*Cash Account Revaluation Gain/Loss CAD*)

This account will accumulate the losses from GL revaluations.

- **Rounding Gain Account:** 83100 (*Rounding Gain/Loss*)

This account will accumulate gains from rounding operations with this currency.

- **Rounding Loss Account:** 83100 (*Rounding Gain/Loss*)

This account will accumulate losses from rounding operations with this currency.



All of the selected accounts have been predefined in the *U100* dataset.

6. On the form toolbar, click **Save** to save your changes.
7. In the **Currency ID** box of the Summary area, select *EUR*.
8. Select the **Active** check box.
9. Select the **Use for Accounting** check box.
10. On the **GL Accounts** tab, specify the following settings for the euro:

- **Realized Gain Account:** 83000 (*Realized Gain/Loss Currency*)
- **Realized Loss Account:** 83000 (*Realized Gain/Loss Currency*)
- **Unrealized Gain Account:** 84000 (*Unrealized Gain/Loss Currency*)
- **Unrealized Loss Account:** 84000 (*Unrealized Gain/Loss Currency*)
- **Revaluation Gain Account:** 83200 (*Cash Account Revaluation Gain/Loss*)
- **Revaluation Loss Account:** 83200 (*Cash Account Revaluation Gain/Loss*)
- **Rounding Gain Account:** 83100 (*Rounding Gain/Loss*)
- **Rounding Loss Account:** 83100 (*Rounding Gain/Loss*)



All of the selected accounts have been predefined in the *U100* dataset.

11. On the form toolbar, click **Save** to save your changes.

Lesson 1.2: Configuring Rate Types and Rates

Configuration of Rate Types and Rates: General Information

In Acumatica ERP, a rate type includes exchange rates for a particular currency pair or multiple currency pairs.

You can update the exchange rates of foreign currencies for the base currency or any other foreign currency on daily basis. You can configure any required currency in the system, and enter effective rates for the currencies on any selected date. You can also view the rates that were effective on a specific date, as well as review the rate history for any required currency pair.

Also, in Acumatica ERP, you can configure different settings for a particular currency pair that can be used in operations with different vendors or customers, as well as in revaluations and translations. To do this, you create rate types. For each rate type, you can specify currency rates and define how long they are effective in the system. You can create any number of rate types. For a particular rate type, you can turn on the online currency rate synchronization functionality to refresh the currency rates by using the [Open Exchange Rates API](#) online service.

This chapter provides information on configuring and maintaining the currency rates and rate types in Acumatica ERP.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create currency rate types
- Configure rates for a foreign currency by using the rate synchronization functionality
- Manually configure currency rates for a foreign currency

Applicable Scenarios

You configure currency rates in the system in the following cases:

- You want to have multiple custom currency rate types in addition to the default rate type. For example, you can use one rate type in bills and invoices, another rate type for bank account revaluations, and yet another rate type for translations of financial statements.
- You want to use a separate rate type to be assigned to particular customers or vendors; this rate type will be used in documents created for these customers and vendors.

System Default Rate Type

The system automatically creates the default *SPOT* currency rate type when you specify the base currency on the [Companies](#) (CS101500) form. The *SPOT* currency rate is the current rate of exchange between two currencies (that is, the rate at which the currencies can be exchanged immediately). Although delivery is theoretically immediate, the conventions of currency markets allow for up to two days for the settlement of a transaction.

Creation of Custom Rate Types

You configure rate types on the [Currency Rate Types](#) (CM201000) form. For each rate type, you specify the following settings:

- The identifier of the currency rate type (in the **Rate Type ID** column).
- A description of the currency rate type (in the **Description** column).
- If the currency rate type is effective for a particular number of days, the number of days that it is effective (in the **Days Effective** column), starting on the effective date that is specified for each currency rate.

By default, *0* is specified as the number of effective days. The currency rate is effective until a more recent rate for the same currency and rate type becomes effective.

- An indicator of whether the currency rate can be updated by using the [Open Exchange Rates API](#) currency rate update service (the **Refresh Online** check box).

For details, see [Configuration of Rate Types and Rates: Ability to Refresh Rates](#).

- Optional: The rate adjustment percent to be applied to the rates returned by the online currency rate update service (in the **Online Rate Adjustment (%)** column).

For example, suppose that you set this value to *0.05* and the actual currency rate is *1.101234*. The system would determine the rate as follows: $1.101234 * (1 + 0.0005) = 1.10178462$.

Once you have defined the needed currency rate types, you assign an appropriate rate type to each currency rate that you create on the [Currency Rates](#) (CM301000) form.

General Guidelines for Defining Currency Rates

In Acumatica ERP, the following guidelines are applied to currency rates:

- For a pair of currencies, you must define the rates in both directions. That is, if you have specified the currency rate to translate Currency 1 to Currency 2, this rule is not applied when Currency 2 is translated to Currency 1. For example, if you have an effective *EUR-to-USD* rate, the translation from *USD* to *EUR* could not use it. You have to explicitly define the *USD-to-EUR* rate on the [Currency Rates](#) (CM301000) form.
- To set up different exchange rates that can be used in the same date range for the same currency pair, you need to create different rate types on the [Currency Rate Types](#) (CM201000) form. You then can select different rate types for the same currency pair and specify different exchange rates on the [Currency Rates](#) form.

Selection of the Conversion Operation

When you define a currency rate on the **Currency Rate Entry** tab of the [Currency Rates](#) (CM301000) form, you need to select an operation in the **Mult./Div.** column. The selected operation (*Multiply* or *Divide*) is performed on the number of units of the **From Currency**, by using the currency rate, to convert it to the number of units in the **To Currency** specified in the Summary area.

For example, suppose that by using a currency rate defined on this form, you are converting the euro (*EUR*) to the U.S. dollar (*USD*); *USD* is thus selected as the **To Currency**. In the row with a **From Currency** of *EUR*, you have specified *Multiply* in the **Mult./Div.** column and *1.1* in the **Currency Rate** column. Then the conversion rule from *EUR* to *USD* is $x \text{ EUR} * 1.1 = y \text{ USD}$ (for instance, $5 \text{ EUR} * 1.1 = 5.5 \text{ USD}$). If you have specified *Divide* in the **Mult./Div** column and *0.9* in the **Currency Rate** column, the conversion rule from *EUR* to *USD* is $x \text{ EUR} / 0.9 = y \text{ USD}$ (for instance, $5 \text{ EUR} / 0.9 = 5.56 \text{ USD}$).

Configuration of Rate Types and Rates: Effective Rates

Acumatica ERP uses the effective currency rates for currency conversions in transactions and documents with a foreign currency. Each currency rate is effective for a particular date range. This date range is defined based on the setting for the related currency rate type in the **Days Effective** column of the [Currency Rate Types](#) (CM201000) form as follows:

- A nonzero number of days is specified in this column: The currency rate is effective starting on the currency effective date specified in the **Currency Effective Date** column on the [Currency Rates](#) (CM301000) form and continuing for this number of days.
- A *0* is specified in this column: The currency rate is effective until a more recent rate for the same currency and rate type becomes effective based on its **Currency Effective Date** on the [Currency Rates](#) form.

For example, for the *SPOT* rate type, if *0* is specified in the **Days Effective** column of the [Currency Rate Types](#) form, and the rate is specified on May 1, 2021, then in a document dated *5/5/2021*, the system will suggest (that is, insert into the **Exchange Rate** box) the rate that was effective on May 1, 2021. For the *SPOT* rate type, if *2* is specified in the **Days Effective** column, then in the document dated *5/5/2021*, the system shows a warning that no rate is defined on the specified date.

When you enter the next record for the same currency pair and rate type, or when the specified number of effective days has passed, the rate becomes a *historical rate*. For details, see [Configuration of Rate Types and Rates: Historical Rates](#).

Configuration of Rate Types and Rates: Assignment of Default Rate Types

In Acumatica ERP, you can assign the default rate types that are used for documents in different functional areas of the system, as well as the default rate types for documents of a particular cash account, customer, or vendor of a particular class, customer, or vendor. If you have specified the appropriate default rate types, when you create a document, the system uses the default rate type to fill in the **Exchange Rate** box (right of the **Currency** box in the Summary area of the data entry form of the document) with the effective currency rate that is related to this rate type, the currency of the document, and the date of the document.



When you enter a currency in Acumatica ERP, you use a currency box, which is a special type of lookup box with the following controls:

- The selector button, which you can click to open the currency lookup table
- The **Exchange Rate** box, where the system inserts the default rate (or you can select another rate)
- The Currency Toggle button, which you can click to switch the currency of the amounts between the base currency and the selected foreign currency

Default Rate Type for GL Transactions and Translations

For transactions in a foreign currency in the general ledger and for translations, you can assign the default rate type in the **GL Rate Type** box in the **Default Rate Types** section of the [Currency Management Preferences](#) (CM101000) form. By default, the *SPOT* rate type is used for GL transactions and for translation-related transactions.

Default Rate Type for Cash Entries and Funds Transfers

For all cash entries and funds transfers in a foreign currency, by default, the *SPOT* rate type is specified in the **CA Rate Type** box in the **Default Rate Types** section of the [Currency Management Preferences](#) (CM101000) form. You can override the rate type, if necessary.

If you will generally use a particular currency rate in cash entries and funds transfers that include a particular cash account, you assign this rate to a particular rate type and specify this rate type as the default for the cash account. To do this, you assign the default currency rate type in the **Curr. Rate Type** box on the [Cash Accounts](#) (CA202000) form. The system will use the assigned currency rate as the default currency rate (which can be overridden) in the cash entries and funds transfers created for the cash account in the system.

Default Rate Type for AR Documents

For all documents in a foreign currency in the accounts receivable subledger, by default, the *SPOT* rate type is specified in the **AR Rate Type** box in the **Default Rate Types** section of the [Currency Management Preferences](#) (CM101000) form. You can override the rate type, if necessary.

If you will generally use a particular currency rate in documents for customers of a particular class, you enter the rate for a particular rate type and specify the rate type as the default for the customer class. You specify the default currency rate type in the **Curr. Rate Type** box in the **Default Financial Settings** section of the [Customer Classes](#) (AR201000) form.

If you will generally use a particular currency rate in documents for a particular customer, you can assign this rate to a particular rate type and specify this rate type as the default for the customer. You assign the default currency rate type in the **Curr. Rate Type** box in the **Financial Settings** section of the [Customers](#) (AR303000) form.

Default Rate Type for AP Documents

For all documents in a foreign currency in the accounts payable subledger, by default, the *SPOT* rate type is specified in the **AP Rate Type** box in the **Default Rate Types** section of the [Currency Management Preferences](#) (CM101000) form. You can override the rate type, if necessary.

If you will generally use a particular currency rate in documents for vendors of a particular class, you assign the rate to a particular rate type and specify the rate type as the default for the vendor

class. You specify the default currency rate type in the **Curr. Rate Type** box in the **Default Financial Settings** section of the [Vendor Classes](#) (AP201000) form.

If you want the system to insert a particular default currency rate in documents for a particular vendor, you can assign this rate to a particular rate type and specify this rate type as the default for the vendor. You specify the default currency rate type in the **Curr. Rate Type** box in the **Financial Settings** section of the [Vendors](#) (AP303000) form.

Ability to Override a Class, Customer, or Vendor Currency Rate

If you want users to have the ability to override the default currency rate and exchange rate of a customer class, vendor class, customer, or vendor in the documents of the customer class, vendor class, customer, or vendor, respectively, you select the **Enable Rate Override** check box on the corresponding form: [Customer Classes](#) (AR201000), [Vendor Classes](#) (AP201000), [Customers](#) (AR303000), or [Vendors](#) (AP303000) form.

If this check box is selected, you can override the currency rate type and the exchange rate by clicking the **Exchange Rate** box when you enter a document on the data entry form. When you click this button, the **Rate Selection** dialog box opens. In this dialog box, you can select another currency rate type for the document, the effective date of the rate, and the currency rates.

Default Rate Types for Revaluations

To perform revaluations, you have to specify the default rate types for revaluations in the **Default Rate Types** section of the [Currency Management Preferences](#) (CM101000) form as follows:

- To perform GL revaluation for accounts denominated in a foreign currency, you specify the rate type in the **GL Revaluation Rate Type** box.
- To perform revaluation of open AR documents, you specify the rate type in the **AR Revaluation Rate Type** box.
- To perform revaluation of open AP documents, you specify the rate type in the **AP Revaluation Rate Type** box.

Configuration of Rate Types and Rates: Historical Rates

In Acumatica ERP, currency exchange rates can be specified as often as is needed for a particular currency pair. Each currency rate that is created is effective for a particular date range, after which it is considered a *historical rate*. A historical rate can be used as the effective rate for operations that have taken place during the date range when the rate was effective.

In this topic, you will read about how the effective date range is defined, how to view historical rates in the system, and how to use historical rates.

The Date Range of a Currency Rate

Each currency rate is effective for a particular date range, which is defined based on the setting for the related currency rate type in the **Days Effective** column on the [Currency Rate Types](#) (CM201000) form as follows:

- A nonzero number of days is specified in this column: The currency rate is effective starting on the currency effective date specified in the **Currency Effective Date** column on the [Currency Rates](#) (CM301000) form and continuing for this number of days.

- A 0 is specified in this column: The currency rate is effective until a more recent rate for the same currency and rate type becomes effective based on its **Currency Effective Date** on the [Currency Rates](#) form.

When you enter the next record for the same rate type or when the specified number of effective days has passed, the rate becomes a *historical rate*.

Viewing of the Historical Currency Rates

You can view the historical currency rates you most need at a given time by using targeted reports and forms:

- To view the list of all rates for a particular date range sorted by the effective date of each rate, you run the [Currency Rate History by Date](#) (CM651000) report.

Before you run the report, you specify the date range (**From Date** and **To Date**) for which you want to view currency rates. You can also select the particular currency and currency rate type for which you want to view the list of rates.

- To view the list of all rates for a particular date range sorted by the currency from which conversion is performed, you run the [Currency Rate History by ID](#) (CM650500) report.

Before you run the report, you specify the date range (**From Date** and **To Date**) for which you want to view currency rates. You can also select the particular currency and currency rate type for which you want to view the list of rates.

- To view the rates that are effective on a particular date for a particular target currency, you use the [Currency Rates](#) (CM301000) form.

On this form, select the target currency (**To Currency**) and the required date (**Effective Date**). The list of historical rates that were effective on the selected date appears in the table on the **Effective Currency Rates** tab. The list includes the rates (and the currency rate types) for all the source currencies (**From Currency** column) that have been specified for the target currency.

Use of the Historical Currency Rates

You can use historical rates as follows:

- For entering transactions for dates before the effective date of a currency rate
- For calculating realized and unrealized gains and losses
- For performing revaluations
- For translating certain account balances (for example, the capital account)

Configuration of Rate Types and Rates: To Configure Rates

In the following implementation activity, you will learn how to manually create rate types and exchange rates of the SPOT type that will be effective on different dates.

Story

Suppose that now that the initial configuration of the multicurrency functionality has been completed, the implementation consultant has to configure exchange rates for one of the currencies that you set

up in the system in [Multicurrency Functionality: Implementation Activity](#)—the Canadian dollar (*CAD*). The consultant has decided to manually create these rates.

Acting as the implementation consultant, you will manually create the exchange rates for the *CAD* currency.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branche Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Currencies](#) (AP101000) form, the settings of the base currency (*USD*) and a foreign currency (*CAD*) have been defined.

Process Overview

Before beginning the creation of rates, you will review the *SPOT* rate on the [Currency Rate Types](#) (CM201000) form and the default rate types on the [Currency Management Preferences](#) (CM101000) form. You will then create rate types effective starting on different dates for the *CAD* currency on the [Currency Rates](#) (CM301000) form. Finally, you will run a report on the [Currency Rate History by Date](#) (CM651000) form to review the historical rates for a particular range of dates.

System Preparation

Before you start performing the steps of this activity, you need to sign in to a company with the *U100* dataset preloaded. You must perform the previous activity of this guide before you perform this activity, and sign in to the company where the prerequisite activity has been performed.

Sign in as the implementation consultant by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Reviewing the *SPOT* Rate Type and Default Rate Types

To review the *SPOT* rate type (which is automatically created by the system) and the default rate types, do the following:

1. Open the [Currency Rate Types](#) (CM201000) form.
2. Review the *SPOT* rate type.

This rate type, which is the only one currently defined in the system, was automatically created when the system created the base currency.

3. Open the [Currency Management Preferences](#) (CM101000) form.
4. Review the settings in the **Default Rate Types** section.

Notice that the *SPOT* rate type is automatically specified as the default rate type for the following areas of the system:

- General ledger (**GL Rate Type**): This is the currency rate type that is used in GL transactions by default.
- Cash management (**CA Rate Type**): This is the currency rate type that is used in cash entries and funds transfers if no rate type is associated with the selected cash account.
- Accounts receivable (**AR Rate Type**): This is the currency rate type that is used in AR documents if no rate type is associated with the selected customer.
- Accounts payable (**AP Rate Type**): This is the currency rate type that is used in AP documents if no rate type is associated with the selected vendor.
- Project management (**PM Rate Type**): This is the currency rate type that is used in project documents if no rate type is associated with the selected customer.

Step 2: Creating Currency Rates

To create currency rates for *CAD*, do the following:

1. Open the [Currency Rates](#) (CM301000) form.
2. In the **To Currency** box, select *USD*. This is the currency to which the conversion with the specified exchange rate should be performed.
3. In the **Effective Date** box, enter *1/1/2021*. (In the process activities of this guide, you will work starting from the *01-2021* period.)
4. On the **Currency Rate Entry** tab, click **Add Row** on the table toolbar, and specify the following settings for the added row:
 - **From Currency**: *CAD*
 - **Currency Rate Type**: *SPOT*
 - **Currency Effective Date**: *1/1/2021*
 - **Currency Rate**: *1.2673*
 - **Mult./Div.**: *Divide*

The **From Currency** box specifies which currency the conversion should be performed from by using the **Currency Rate** and the operation selected in the **Mult./Div.** box. That is, the conversion rule from *CAD* to *USD* is the following: $1 \text{ CAD} = 1.2673 / \text{USD}$. Also, for each created currency rate, the system calculates the **Rate Reciprocal**, which is the inverted **Currency Rate**. (This column is provided for informational purposes only; the rate will not be used by the system.)

5. On the form toolbar, click **Save** to save your changes.

The created rate is effective starting on January 1, 2021, and does not have an expiration date. The system will use this rate for currency conversion in any document with a date of January 1, 2021, or later.



In the current system settings, the rates of the **SPOT** type have **Days Effective** set to **0** on the [Currency Rate Types](#) (CM201000) form. This means that the rates of this type are used in all the documents with a date on or after the currency effective date. If you specify a nonzero number, the rates of this type will be effective for the specified number of days.

6. In the **Effective Date** box, specify **1/15/2021**.
7. On the **Currency Rate Entry** tab, add a row with the following settings:
 - **From Currency:** *CAD*
 - **Currency Rate Type:** *SPOT*
 - **Currency Effective Date:** *1/15/2021*
 - **Currency Rate:** *1.2752*
 - **Mult./Div.:** *Divide*
8. On the form toolbar, click **Save** to save your changes.

This exchange rate will be used in any transaction with a transaction date of January 15, 2021, or later. The previously created rate becomes a historical rate and will be used as the effective rate in any transaction with a date from January 1, 2021 through January 14, 2021.

9. In the **Effective Date** box, specify **1/30/2021**.
10. On the **Currency Rate Entry** tab, add a row with the following settings:
 - **From Currency:** *CAD*
 - **Currency Rate Type:** *SPOT*
 - **Currency Effective Date:** *1/30/2021*
 - **Currency Rate:** *1.2776*
 - **Mult./Div.:** *Divide*

11. On the form toolbar, click **Save** to save your changes.

The specified rate is now effective starting on January 30, 2021. The previously specified rate will be used in any transaction with a date from January 15, 2021 through January 29, 2021.

12. In the **Effective Date** box, specify **2/10/2021**.
13. On the **Currency Rate Entry** tab, add a row with the following settings:
 - **From Currency:** *CAD*
 - **Currency Rate Type:** *SPOT*
 - **Currency Effective Date:** *2/10/2021*
 - **Currency Rate:** *1.2697*

- **Mult./Div.: Divide**

14. On the form toolbar, click **Save** to save the row you have entered.

The specified rate is now effective starting on February 10, 2021. The previously specified rate will be used in any transaction with a date from January 30, 2021 through February 9, 2021.

15. Review the **Effective Currency Rates** tab.

The table displays the currency rate specified for the foreign currency that is effective on the date specified in the **Effective Date** box.

Step 3: Reviewing Historical Rates

To review the list of all *CAD* rates that are or have been effective in a particular date range, do the following:

1. Open the [Currency Rate History by Date](#) (CM651000) form.
2. On the **Report Parameters** tab, specify the following parameters:
 - **From Date:** 1/1/2021
 - **To Date:** 2/28/2021
 - **Currency:** CAD
3. On the form toolbar, click **Run Report**.
4. Review the generated report, which displays the exchange rates defined for conversion from *CAD* to *USD* and from *USD* to *CAD* that are effective in the specified date range.

Configuration of Rate Types and Rates: Ability to Refresh Rates

In Acumatica ERP, you can set up the ability to refresh currency rates by using the [Open Exchange Rates API](#) currency rate update service. Also, you can set up the system to automatically refresh the currency rates according to a schedule that meets your business needs. If needed, you can configure the system to adjust a currency rate upward or downward for a particular rate type during the automatic updating of rates.

Setting Up Updates of Currency Rates

You can turn on this functionality for a particular currency rate type by selecting the **Refresh Online** check box for the type on the [Currency Rate Types](#) (CM201000) form.

If the **Refresh Online** check box is selected for the particular rate type, you can refresh the currency exchange rates for the currencies of this rate type each time you need to by processing the needed rates on the [Refresh Currency Rates](#) (CM507000) form. When the process of refreshing rates has completed, the list of updated currency rates appears in the table of this form, and the rates are updated on the **Currency Rate Entry** tab of the [Currency Rates](#) (CM301000) form.

Scheduling the Currency Rate Update Process

You can automate the process of updating the currency exchange rates by scheduling this process. To create a schedule, on the form toolbar of the [Refresh Currency Rates](#) (CM507000) form, click **Schedules > Add**. On the [Automation Schedules](#) (SM205020) form, which opens, you create the schedule by specifying the appropriate settings and saving the schedule.

For details, see [Scheduled Processing](#) and [To Schedule Processing](#).

Adjusting a Currency Rate

You may need to make the effective rates of the currencies less or more than the rates downloaded from the Open Exchange Rates API online service. To do so, on the [Currency Rate Types](#) (CM201000) form, for the particular rate type, you select the **Refresh Online** check box and specify the appropriate adjustment value in the **Online Rate Adjustment (%)** column. The exchange rates of currencies of that type received during the update process will be adjusted upward or downward by the adjustment percent specified here. You can create as many currency rate types as you need, each with a different adjustment percent.

For example, suppose that for the reimbursement of expense claims, a company wants to take into account the fees incurred by the employee for exchanging the currency, or adjust for the rate fluctuation between the date of the expenses and the date of the expense reimbursement. For such cases, you can create a special rate type (for example, the *EXPENSES* rate type) and specify the adjustment value (expressed as a percent) for that rate type, so that this adjustment will always be applied to the rates of the currencies of that type during the update process.

Configuration of Rate Types and Rates: To Set Up Refreshing of Rates

In the following implementation activity, you will learn how to set up the refreshing of currency rates by using the [Open Exchange Rates API](#) online service, and then test the refreshing of currency rates.

Story

Suppose that now that the initial configuration of the multicurrency functionality has been completed, the implementation consultant has to configure exchange rates for one of the currencies that you set up in the system in [Multicurrency Functionality: Implementation Activity](#)—the euro (*EUR*). The consultant has decided to use the [Open Exchange Rates API](#) online service to refresh the rates for the euro.

Acting as the implementation consultant, you will automatically refresh the exchange rates for the *EUR* currency.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Currencies](#) (AP101000) form, the settings of the base currency (*USD*) and a foreign currency (*EUR*) have been defined.

Process Overview

On the [Currency Rate Types](#) (CM201000) form, you will enable the refreshing of currency rates for the *SPOT* rate type. Then on the [Refresh Currency Rates](#) (CM507000) form, you will run the process of refreshing currency rates for *EUR* for different effective dates. Finally, you will run a report on the [Currency Rate History by Date](#) (CM651000) form to review the historical rates for a particular range of dates.

System Preparation

Before you start refreshing the exchange rates, you need to sign in to a company with the *U100* dataset preloaded. You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed. Sign in as the implementation consultant by using the following credentials:

- Username: *gibbs*
- Password: *123*

Step 1: Enabling the Refresh of Currency Rates for the *SPOT* Rate Type

To enable the functionality of refreshing currency rates for the *SPOT* rate type, do the following:

1. Open the [Currency Rate Types](#) (CM201000) form.
2. For the only rate type in the table (*SPOT*), select the check box in the **Refresh Online** column.
3. On the form toolbar, click **Save** to save your changes.

Step 2: Refreshing the Currency Rates

To refresh currency rates for the *EUR* currency, do the following:

1. Open the [Refresh Currency Rates](#) (CM507000) form.
2. In the Selection area, specify the following settings:
 - **To Currency:** *USD*
 - **Currency Effective Date:** *1/1/2021*
 - **Rate Type:** *SPOT*
3. In the table, select the Included check box for the row with the *EUR* currency.
4. On the form toolbar, click **Process**. In the **Processing** dialog box, which opens, click **Close**.
5. In the **Currency Effective Date** box, select *1/15/2021*.
6. In the table, select the Included check box for the row with the *EUR* currency.
7. On the form toolbar, click **Process**. In the **Processing** dialog box, which opens, click **Close**.
8. In the **Currency Effective Date** box, select *1/30/2021*.

9. In the table, select the Included check box for the row with the *EUR* currency.
10. On the form toolbar, click **Process**. In the **Processing** dialog box, which opens, click **Close**.
11. In the **Currency Effective Date** box, select *2/10/2021*.
12. In the table, select the Included check box for the line of the *EUR* currency.
13. On the form toolbar, click **Process**. In the **Processing** dialog box, which opens, click **Close**.

Step 3: Reviewing Historical Rates

To review the list of all *EUR* rates that are or have been effective in a particular date range, do the following:

1. Open the [Currency Rate History by Date](#) (CM651000) form.
2. On the **Report Parameters** tab, specify the following parameters:
 - **From Date:** *1/1/2021*
 - **To Date:** *2/28/2021*
 - **Currency:** *EUR*
3. On the form toolbar, click **Run Report**.
4. Review the generated report, which displays the exchange rates defined for conversion from *EUR* to *USD* that are effective in the specified date range.

Part 2: Multicurrency Processing in the General Ledger and Cash Management Subledger

In Part 2 of the course, you will learn how to perform multicurrency operations in the general ledger and the cash management subledger of Acumatica ERP. In particular, you will perform the following tasks:

- Configuring a cash account in a foreign currency
- Processing a GL transaction in a foreign currency
- Processing a funds transfer in a foreign currency

Lesson 2.1: Configuring Cash Accounts in Foreign Currencies

Multicurrency Cash Accounts: General Information

Account balances in Acumatica ERP are always maintained in the base currency. When you post a transaction in a foreign currency to an account, the account balance is debited or credited in the appropriate amount in the base currency, based on the actual exchange rate.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create a GL account to which a cash account in a foreign currency will be linked
- Specify the cash account as the default cash account for a customer and a vendor
- Create a GL transaction in a foreign currency

Applicable Scenarios

You configure a cash account in a foreign currency in the following cases:

- You have opened a bank account in a foreign currency for settlements with foreign vendors.
- Some of your vendors have asked you to make payments to them in a particular foreign currency, and you do not want to use your bank account in the base currency for that purpose to avoid paying exchange rate commissions to the bank.

Management of Denominated Accounts

To be able to maintain an account balance in two currencies, you need to denominate the account—that is, assign a particular currency (base or foreign) to this account. Once the account is denominated, you can post to it only in the assigned currency, which is called the currency of denomination. The balance of the denominated account is maintained in two currencies: the base currency and the currency of denomination.

The foreign currency balance represents the actual holdings of the company, whereas the base currency balance is just its equivalent value to be used for reporting. You can review the account balance in both currencies. Transactions posted to the denominated account update both balances of the account. Each transaction is posted with a particular exchange rate, which is the actual rate on the date of the transaction.

You must denominate the GL accounts to which cash accounts are linked; you can also denominate certain asset and liability accounts. In addition to cash accounts, you also need to denominate accounts that should be updated by transactions in one currency only and accounts whose balances you need to know in the currency of denomination.

Unlike ordinary accounts, denominated accounts have the following restrictions:

- You can enter and post to denominated accounts only journal entries in the currency of denomination.
- Denominated accounts cannot be used as direct or contra source accounts or destination accounts for allocations.
- You cannot define an account as denominated if it has at least one journal entry in a currency other than the currency of denomination.
- Due to currency rate fluctuations, you may need to revalue the balances of denominated accounts at the end of a financial period.

Because of these restrictions, you should denominate only accounts that absolutely must be denominated.

Entry of Foreign Currency Transactions

By default, the base currency of the company is used for GL transactions created on the [Journal Transactions](#) (GL301000) form. To record a GL transaction in a foreign currency, you select the needed currency in the **Currency** box. All the transactions in one batch use the same currency.



If at least one of the accounts used in a batch is denominated to a specific currency, only this currency can be used as the currency of the batch. For details about denominated accounts, see [Denominated Accounts](#).

After you have specified the currency of the batch, you can review the exchange rate that is used for the batch in the **Exchange Rate** box (right of the **Currency** box) in the Summary area of the [Journal Transactions](#) form. This exchange rate is the effective exchange rate for the rate type that is defined in the **GL Rate Type** box on the [Currency Management Preferences](#) (CM101000) form. For details about currency rates, see [Configuration of Rate Types and Rates: General Information](#).

You can manually change the default rate type for a particular batch by clicking the **Exchange Rate** box. In the **Rate Selection** dialog box, which opens, you can select the rate type. For the selected rate type, the effective date and exchange rate to the base currency are shown. You can also change the date and rate for the batch if necessary. If you manually change the rate, the rate you specify is stored only with the batch but not on the [Currency Rates](#) (CM301000) form.

To review the batch amounts in the base currency, you can click **View Base** right of the Exchange Rate box. To view the batch amounts in the foreign currency again, you click **View Cury**.

Rounding Gains and Losses

When you enter your journal transactions with debit and credit amounts in the foreign currency, the system automatically converts the amounts into the base currency based on the specified exchange rate. The base currency generally has fewer decimal places than the exchange rate, which has six decimal places. Thus, the debit and credit amounts calculated in the base currency may differ by a very small amount, causing the batch to not be balanced. In this case, the difference is recorded to one of the accounts (or subaccounts if they are used in your system) specified for each currency—the Rounding Gain account or Rounding Loss account—and the corresponding journal entry is automatically added to the batch.

You specify the accounts and subaccounts that are used for recording rounding gains and losses of the base currency in the **Rounding Settings** section on the [Currencies](#) (CM202000) form.

In the Summary area of the form, you can also set up the rounding limit to prevent the release of the documents with an unacceptable rounding difference (that is, the difference between the rounded amount and the original document amount).

Multicurrency Cash Accounts: To Configure an Account

In the following implementation activity, you will learn how to create a denominated cash account.

Story

Suppose that the SweetLife Fruits & Jams company has opened a bank account in Canadian dollars (the *CAD* currency defined in the system), because it has customers and a few big vendors in Canada and wants to use Canadian dollars for payments to these partners.

Acting as a SweetLife accountant, you need to configure the following accounts:

- A GL account denominated in *CAD* to which the cash account will be linked
- The cash account denominated in *CAD* and an entry type for processing bank charges

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Account Classes](#) (GL202000) form, the *CASHASSET* account class has been predefined.

On the [Entry Types](#) (CA203000) form, the *BANKFEE* entry type has been configured.

On the [Payment Methods](#) (CA204000) form, the *WIRE* payment method for wire transfers has been predefined.

Process Overview

On the [Chart of Accounts](#) (GL202500) form, you will manually create a GL account denominated in *CAD*. On the [Cash Accounts](#) (CA202000) form, you will create a cash account linked to the new GL account and add the *BANKFEE* entry type for this cash account.

System Preparation

To prepare the system for the creation of GL and cash accounts, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

- Username: *johson*
- Password: *123*



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating a GL Account

To create a GL account, do the following:

1. Open the [Chart of Accounts](#) (GL202500) form.
2. On the form toolbar, click **Add Row**, and specify the following settings in the added row:
 - **Account:** 10215
 - **Account Class:** CASHASSET
 - **Description:** Checking Account CAD
 - **Currency:** CAD
 - **Revaluation Rate Type:** SPOT

This denominated checking account will be used for performing operations in Canadian dollars; thus, *CAD* is the currency of denomination specified for the account. The specified revaluation rate type will later be used for the account revaluation.



If an account had at least one journal entry posted in a currency other than the currency of denomination, you would not be able to make this account denominated.

3. On the form toolbar, click **Save** to save your changes.

Step 2: Creating a Cash Account

To create a cash account denominated in *CAD*, do the following:

1. Open the [Cash Accounts](#) (CA202000) form.
2. On the form toolbar, click **Add New Record** and specify the following settings in the Summary area:
 - **Cash Account:** 10215WH
 - **Account:** 10215 (*Checking Account CAD*)
 - **Currency:** CAD (selected automatically)
 - **Curr. Rate Type:** SPOT

This is the currency rate type to be used by default in the transactions posted to the cash account. If this box is empty, the system will use the currency rate type specified in the **CA Rate Type** box on the [Currency Management Preferences](#) (CM101000) form.

The system uses the currency of the denominated account to which the cash account is linked as the currency of the created cash account, so *CAD* is automatically specified in the **Currency** box. You cannot change the currency for the created cash account.

3. On the **Payment Methods** tab, click **Add Row** on the table toolbar, and specify the following settings for the added row:
 - **Payment Method:** WIRE
 - **Use in AP:** Selected
 - **Use in AR:** Selected
4. On the **Entry Types** tab, click **Add Row** on the table toolbar and in the **Entry Type ID** column, select BANKFEE.
5. On the form toolbar, click **Save** to save your changes.

Multicurrency Cash Accounts: To Process a GL Transaction

The following activity will walk you through the processing of a GL transaction in a foreign currency.

Story

Suppose that SweetLife Fruits & Jams has just opened a bank account in Canadian dollars and needs to pay a monthly fee of C\$9 to the bank. Acting as a SweetLife accountant, you need to create a GL transaction with the bank fee, post the transaction, and review the account balance.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Cash Accounts](#) (CA202000) form, the *10215WH* cash account denominated in the *CAD* currency and associated with the *10215 (Checking Account CAD)* GL account has been defined, as described in [Multicurrency Cash Accounts: To Configure an Account](#).

On the [Ledgers](#) (GL201500) form, the *ACTUAL* ledger with the *Actual* type has been predefined.

On the [Chart of Accounts](#) (GL202500) form, the *61100 (Bank Service Charges)* account has been created.

On the [Currency Rate Types](#) (CM201000) form, the *SPOT* rate type has been predefined.

Process Overview

You will create and post a GL transaction in *CAD* on the [Journal Transactions](#) (GL301000) form. On the [Account Summary](#) (GL401000) form, you will review the account balances for the *01-2021* period and then view the details of the *10215 (Checking Account CAD)* account on the [Account Details](#) (GL404000) form to review the ending balance of the account.

System Preparation

To prepare the system, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2021*. If a different date is displayed, click the Business Date menu button, and select *1/30/2021* from the calendar. For simplicity, in this activity, you will create and process all documents in the system during this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating a GL Transaction

To create a GL transaction in *CAD*, do the following:

1. Open the [Journal Transactions](#) (GL301000) form.
2. On the form toolbar, click **Add New Record** and specify the following settings in the Summary area:
 - **Transaction Date:** *1/30/2021* (inserted automatically)
 - **Post Period:** *01-2021* (inserted automatically based on the date)
 - **Currency:** *CAD*

You are overriding the currency to *CAD* to create the transaction in Canadian dollars; otherwise, the system creates the transaction in the base currency (*USD*), which is used by default in journal transactions posted to the *ACTUAL* ledger.

- **Description:** Bank fee (January 2021)

Notice that the **Exchange Rate** box (located to the right of the **Currency** box) displays the currency exchange rate that will be used in the created transaction.

3. On the table toolbar, click **Add Row**, and specify the following settings for the added row:

- **Account:** 10215 (Checking Account CAD)

This is the account that you created on the *Chart of Accounts* (GL202500) form (and then associated with the 10215WH cash account) in *Multicurrency Cash Accounts: To Configure an Account*.

- **Credit Amount:** 9.00

4. Add another row, and specify the following settings:

- **Account:** 61100 (Bank Service Charges)

- **Debit Amount:** 9.00

5. In the Summary area, click the **Exchange Rate** box (located to the right of the **Currency** box) and review the **Rate Selection** dialog box, which opens.

This dialog box shows the settings of the currency rate that is used in this transaction. The currency rate type (*SPOT*) is defined by the **GL Rate Type** setting on the *Currency Management Preferences* (CM101000) form. The **Effective Date** is the date on which the currency rate becomes effective.



If needed, in the **Rate Selection** dialog box, you can override the currency rate for a particular transaction.

6. Click **OK** to close the dialog box.
7. Click the **View Base** button, and review the transaction amounts in the base currency.

The system recalculates the transaction amounts to *USD* as follows by using the exchange rate that is effective on the transaction date: C\$9.00 * 0.7827176.



You cannot change the amounts in the base currency directly. Instead, you need to switch to the transaction currency and edit the amounts in the transaction currency; the amounts in the base currency will be recalculated accordingly.

8. On the form toolbar, click **Remove Hold**; the batch is assigned the *Balanced* status.
9. On the form toolbar, click **Release** to release the GL transaction.

Step 2: Reviewing the Account Balance

To review the balance of the 10215 cash account, do the following:

1. Open the *Account Summary* (GL401000) form.

2. In the Summary area, specify the following settings:
 - **Period:** 01-2021
 - **Show Currency Details:** Selected
3. Review the account balances.

The **Ending Balance** column shows the ending balance of each account at the end of the selected period in the base currency. The **Curr. Ending Balance** column shows the ending balance of the account at the end of the selected period in the currency of denomination, which is shown in the **Currency ID** column. Similarly, the **Beg. Balance**, **Debit Total**, and **Credit Total** columns show the amounts in the base currency, while the **Curr. Beg. Balance**, **Curr. Debit Total**, and **Curr. Credit Total** columns are in the account currency.

4. In the table, click the row with the *10215 (Checking Account CAD)* account, and on the form toolbar, click **Account Details**.
5. On the [Account Details](#) (GL404000) form, which the system has opened, review the account details.

The table shows the list of transactions processed in the selected period (currently there is only one journal entry). The entry amounts are shown in the base and foreign currency, because the **Show Currency Details** check box is selected in the Selection area of the form. The **Ending Balance** box in the Summary area shows the account balance at the end of the period in the base currency. The **Curr. Ending Balance** column shows the ending balance in the foreign currency.

Multicurrency Cash Accounts: Related Report and Inquiry Forms

In the following sections, you can find details about the report and inquiry forms you may want to review to gather information about GL transactions in a foreign currency.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing Transactions in a Foreign Currency in a Report

You can review transactions in a foreign currency for a particular period if you run the [Transactions for Period](#) (GL633000) report with the **Include Foreign Currency Details** check box selected on the report form.

Reviewing Transactions in a Foreign Currency on Inquiry Forms

To review transactions in a foreign currency, you can use the [Account Summary](#) (GL401000) and [Account Details](#) (GL404000) forms with the **Show Currency Details** check box selected on both inquiry forms.

Lesson 2.2: Processing Multicurrency Funds Transfers

Multicurrency Funds Transfers: General Information

In Acumatica ERP, you can record cash transfers in foreign currencies from one bank account to another, or between cash accounts that are linked to the same GL account and represent the same bank account.

Learning Objectives

You will learn how to record a funds transfer in a foreign currency between cash accounts.

Applicable Scenarios

You record a funds transfer when you need to redistribute funds in foreign currencies between different companies or branches of your organization. You can also move funds from one bank account to another—for example, when you want to deposit funds from one of the company's checking accounts to a savings account.

Processing of a Funds Transfer

To process a funds transfer, you first create it on the [Funds Transfers](#) (CA301000) form. Then you release the transfer on any of the following forms:

- [Funds Transfers](#) (CA301000): You release the funds transfer you are viewing by clicking **Release** on the form toolbar.
- [Release Cash Transactions](#) (CA502000): You use this form to release a particular funds transfer or multiple funds transfers. On this form, funds transfers have the *Transfer* type, and transactions that correspond to the same transfer have the same transaction number. To release all transactions of a particular funds transfer, you need to select only one transaction of the funds transfer by selecting the unlabeled check box in the row of the transaction; you then release it by clicking **Release** on the form toolbar. The system releases the other transactions of the funds transfer automatically.
- [Cash Account Details](#) (CA303000): You can use this form to release a particular funds transfer or multiple funds transfers. On this form, you first select the cash account that is the source account or destination account of your funds transfer, and then the system displays a list of transactions that includes the funds transfer transaction of the *Transfer Out* or *Transfer In* type, depending on whether the account you selected is a source account or destination account. To release all transactions of the funds transfer, you need to select only one transaction of the funds transfer by selecting the unlabeled check box in the row of the transaction; you then click **Release** on the form toolbar. The system releases the other transactions of the funds transfer automatically.

During processing, a funds transfer can have the following statuses.

Table: Statuses of Funds Transfers

Status	Description
<i>On Hold</i>	The transfer is being edited and cannot be released.
<i>Balanced</i>	The transfer is balanced and can be released.
<i>Released</i>	The transfer has been released.

Currency Conversion in Funds Transfers

If you transfer funds between accounts denominated in different currencies, the system performs currency conversion by using the base currency and the cash-in-transit account and subaccount (if subaccounts are in use in your system) that are specified in the **Cash-In-Transit Account** and **Cash-In-Transit Subaccount** boxes on the [Cash Management Preferences](#) (CA101000) form.

For transfers maintained in different currencies, you can change the exchange rate for a particular transfer, and you can change the amount received to the destination account if the exchange rate of the system differs from the exchange rate of the bank. If you change the received amount, the system calculates the realized gain or loss (RGOL) for the transfer.

Multicurrency Funds Transfers: Generated Transactions

The system always generates separate GL transactions for a multicurrency transfer. The following tables show the transactions recorded to the general ledger for the source and destination accounts.

Table: Transactions for Source Account: Multicurrency Transfer

Account	Debit	Credit
Source account	0.00	Transfer amount
Cash-in-Transit account	Transfer amount	0.00

Table: Transactions for the Destination Account: Multicurrency Transfer

Account	Debit	Credit
Destination account	Transfer amount	0.00
Cash-in-Transit account	0.00	Transfer amount

If a gain or loss is produced by a multicurrency transfer, the transactions shown in the following tables are recorded to the general ledger for the destination account, depending on whether a gain or loss is produced by the transfer—that is, whether the realized gain or loss (RGOL) is positive or negative.

Table: Transactions for Destination Account: Multicurrency Transfer Producing a Gain

Account	Debit	Credit
Destination account	Transfer amount	0.00
Cash-in-Transit account	0.00	Transfer amount
Realized Gain/Loss account	0.00	RGOL amount
Cash-in-Transit account	RGOL amount	0.00

Table: Transactions for Destination Account: Multicurrency Transfer Producing a Loss

Account	Debit	Credit
Destination account	Transfer amount	0.00
Cash-in-Transit account	0.00	Transfer amount
Realized Gain/Loss account	RGOL amount	0.00

Account	Debit	Credit
Cash-in-Transit account	0.00	RGOL amount

Multicurrency Funds Transfers: Process Activity

The following activity will walk you through the process of performing a funds transfer in a foreign currency.

Story

Suppose that on January 30, 2021, SweetLife Fruits & Jams needs to transfer C\$484 to its new cash account to be able to make payments to vendors. The amount transferred from the *10200WH (Wholesale Checking)* account is \$379 (in *USD*), and the amount received to the *10215WH (Checking Account CAD)* is C\$484.21, as reported by the bank.

Acting as a SweetLife accountant, you need to process the cash transfer in the system.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *10500 (Cash in Transit)* account has been created.

On the [Cash Accounts](#) (CA202000) form, the *10200WH (Wholesale Checking)* bank account has been predefined.

Process Overview

On the [Funds Transfers](#) (CA301000) form, you will record a funds transfer in the amount of C\$500.58 from the *10200WH* cash account to the *10215WH* cash account. You will then review the GL transactions generated by the system on the [Journal Transactions](#) (GL301000) form. Finally, you will review the balance of the *10215* GL account on the [Account Details](#) (GL404000) form.

System Preparation

To prepare the system, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2021*. If a different date is displayed, click the Business Date menu button, and select *1/30/2021* from the calendar. For simplicity, in this lesson, you will create and process all documents in the system during this business date.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Recording a Funds Transfer

To record a funds transfer, do the following:

1. Open the [Funds Transfers](#) (CA301000) form.
2. On the form toolbar, click **Add New Record** and in the **Description** box, enter Transfer 484 CAD.
3. In the **Source Account** section, specify the following settings:
 - **Account:** *10200WH (Wholesale Checking)*
 - **Transfer Date:** *1/30/2021* (inserted by default)
 - **Document Ref.:** *1302021*
 - **Amount:** *379.00*
4. In the **Destination Account** section, specify the following settings:
 - **Account:** *10215WH (Checking Account CAD)*
You created this cash account in the [Multicurrency Cash Accounts: To Configure an Account](#) prerequisite activity.
 - **Receipt Date:** *1/30/2021* (inserted by default)
 - **Document Ref.:** *1302021* (inserted automatically)
 - **Amount:** *484.21*

The amount transferred from the *10200WH* account is \$379 in the base currency. Based on the effective currency rate, the transferred amount is C\$484.21.



Before you release the funds transfer, you could click the **Exchange Rate** box (right of the **Currency** box) in the **Source Account** section; in the **Rate Selection** dialog box, which opens, you can override the currency rate for this particular document. If the source account is denominated to a foreign currency, the exchange rate in the **Source Account** section (also in the **Exchange Rate** box right of the **Currency** box) can be overridden as well.

5. On the form toolbar, click **Remove Hold**.
6. On the form toolbar, click **Release** to release the funds transfer.

When the system transfers amounts, it creates and releases two GL batches, one for each currency.

Step 2: Reviewing the Generated GL Transactions

To review the GL transactions generated for each currency, do the following:

1. While you are still on the *Funds Transfers* (CA301000) form viewing the funds transfer you recorded, in the **Source Account** section, click the link in the **Batch Number** box.
2. On the *Journal Transactions* (GL301000) form, which opens, review the transaction. The batch was created in the base currency, because the *10200WH (Wholesale Checking)* account is denominated to the base currency.
3. On the *Funds Transfers* form, in the **Destination Account** section, click the link in the **Batch Number** box to open the batch that was generated when the transfer to the *10215* GL account was received.
4. On the *Journal Transactions* (GL301000) form, which opens, review the transaction in the base and foreign currencies. (To toggle between the base and foreign currency, click the **View Base** or **View Cury** button right of the **Currency** box.)

The accounts are maintained in different currencies, so the system performs the currency conversion by using the cash-in-transit account. The following actions were performed when the system released the transaction:

- The destination account (*10215*) was debited in the transfer amount (C\$484.21, which is \$379.00 based on the current exchange rate).
- The cash-in-transit account (*10500*) was credited in the amount of the transfer out (C\$484.21).

Step 3: Reviewing the Balance of the Account

To review the balance of *10215 (Checking Account CAD)*, do the following:

1. Open the *Account Details* (GL404000) form.
2. In the Selection area, specify the following settings:
 - **From Period:** *01-2021*
 - **To Period:** *01-2021*
 - **Account:** *10215 (Checking Account CAD)*
 - **Show Currency Details:** Selected
3. Review the funds transfer in the table and the ending balance of the *10215* account in the foreign currency and the base currency.

Multicurrency Funds Transfers: Related Report and Forms

In the following sections, you can find details about the report and forms you may want to review to gather information about multicurrency funds transfers.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing Funds Transfer Details

On the [Funds Transfers](#) (CA301000) form, you can review the details of any funds transfer and the associated GL transactions (if the funds transfer has been released) by clicking the batch numbers in the **Source Account** and **Destination Account** sections.

Reviewing Activity on Cash Accounts

On the [Cash Account Details](#) (CA303000) form, you can view all activity on any cash account during the date range you specify, including any transactions of funds transfers generated for the selected cash account. If you select the **Show Currency Details** check box in the Summary area, you can view the account balances in the base and foreign currencies.

Reviewing Transactions Generated on Release of Funds Transfers

For a particular financial period, you can review transactions in a foreign currency that were generated on release of a funds transfer if you run the [Transactions for Period](#) (GL633000) report with the **Include Foreign Currency Details** check box selected on the report form.

Part 3: AR and AP Documents in Foreign Currencies

In Part 3 of the course, you will learn how to perform multicurrency operations in the accounts receivable and accounts payable subledgers of Acumatica ERP. In particular, you will perform the following tasks:

- Processing an invoice in a foreign currency
- Applying a credit memo in a foreign currency to an invoice
- Paying an invoice in a foreign currency by using the base currency
- Paying an invoice in a foreign currency by using another foreign currency
- Processing a bill in a foreign currency
- Applying a debit adjustment in a foreign currency to a bill
- Paying a bill in a foreign currency by using the base currency
- Paying a bill in a foreign currency by using another foreign currency

Lesson 3.1: Processing Invoices in Foreign Currencies

AR Invoices in Foreign Currencies: General Information

In Acumatica ERP, multicurrency functionality is supported for AR documents. The system recalculates all transactions made in a foreign currency to the company's base currency. To record the difference resulting from rounding during currency conversion, the system uses the rounding gain and loss accounts specified for the document currency on the [Currencies](#) (CM202000) form. The small amount resulting from the currency rounding may be posted as a debit or a credit, depending on its sign.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create and process an invoice in a foreign currency
- Override the default currency rate
- Pay the invoice with a payment in the same foreign currency

Applicable Scenarios

You process invoices in a foreign currency if your foreign customers need to receive invoices in their own currency, which differs from the base currency in your system. If you have a cash account in the foreign currency used by your customers, you may want to receive payments for the invoices in this currency.

Processing of an Invoice in a Foreign Currency

In AR documents, the system uses the currency settings of the customer that is specified in the document. The currency settings are the currency, currency rate type, currency override ability, and currency rate override ability. When you create a customer on the *Customers* (AR303000) form, the system inserts the currency settings of the customer class by default. If needed, you can override the default currency settings.

To recalculate the document amounts in the base currency, the system uses the currency exchange rate that was effective on the date of the document unless the rate is overridden in the document. The GL transaction posted to the general ledger on release of the document and the document itself can be reviewed in two currencies: the base currency and the document currency.

The RGOL amount calculated when a payment or credit memo is applied to an invoice is processed as follows:

- If the calculated RGOL amount is positive (which means that the application of the document produces a gain), the realized gain account associated with the invoice currency is credited in the RGOL amount.
- If the calculated RGOL amount is negative (which means that the application of the document produces a loss), the realized loss account associated with the invoice currency is debited in the amount of $(-1) * \text{RGOL}$.

Formula to Calculate Realized Gains and Losses

If a payment is issued in the same foreign currency as the currency of the document, the realized gain or loss is calculated in the base currency as the difference in exchange rates multiplied by the payment amount. The following formula is used.

```
RGOL Amount = Round (Payment Amount * Payment Rate) - Round (Payment Amount * Document Rate)
```

That is, the system calculates the realized gain or loss as the payment amount it converts into the base currency by using the payment rate minus the payment amount the system converts into the base currency by using the invoice rate. *Round ()* indicates that the amount within parentheses is rounded to the decimal precision that is set for the base currency in the Summary area of the *Currencies* (CM202000) form.

Changing of the Cross Rate

When applying a payment to a multicurrency invoice, you can change the cross rate along with the application, if needed.

For instance, suppose you had issued an invoice in a foreign currency, and then you received a payment in this foreign currency. Your company does not have a bank account in the foreign currency, and the bank used some currency rate to translate the payment amount to the currency of your bank account. In this case, you record the payment to a cash account that represents your bank account and apply it to the invoice. The rate used by the bank may differ from the rate you used to record the invoice. To make the payment amount and the invoice amount equal, you can adjust the rate in the **Cross Rate** column for the applied invoice. When you release the payment and its applications, the balance of the realized gain or loss (RGOL) account is updated by the amount resulting from the difference in the exchange rates used to record the invoice and the payment.

If your company has a bank account in the foreign currency (so there is a cash account in the system that represents this bank account), you record the payment in a foreign currency to this cash account. When you release the payment and its applications, the balance of the RGOL account is updated by the amount resulting from the difference in the exchange rate on the invoice date and the payment application date.

AR Invoices in Foreign Currencies: Generated Transactions

To be able to process an AR invoice in a foreign currency, you create and process an invoice and a payment. To update customer balances, the system generates the GL transactions described in the following sections.

Transaction Generated for an AR Invoice

When you create and release a one-line AR invoice, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Accounts Receivable	AR	Amount	0.00
Sales Revenue		0.00	Amount
Rounding Gain/Loss		Rounding loss amount	Rounding gain amount

You can view the reference number of the GL batch on the **Financial Details** tab of the *Invoices and Memos* (AR301000) form.

Transactions Generated for an Invoice Payment

When you create and release a payment in a foreign currency and the currency rate of the payment is greater than that of the invoice, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Cash		Amount + realized gain amount	0.00
Accounts Receivable	AR	0.00	Amount
Realized Gain		0.00	Realized gain amount

When you create and release a payment in a foreign currency and the currency rate of the payment is less than that of the invoice, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Cash		Amount - realized loss amount	0.00
Accounts Receivable	AR	0.00	Amount
Realized Loss		Realized loss amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the [Payments and Applications](#) (AR302000) form.

AR Invoices in Foreign Currencies: Process Activity

The following activity will walk you through the processing of an AR invoice in a foreign currency.

Story

Suppose that on January 30, 2021, SweetLife Fruits & Jams provided juicer installation services to the Mint Store customer, whose currency is the Canadian dollar (*CAD*), and issued an invoice in *CAD*.

Acting as a SweetLife accountant, you need to create the invoice in the system and apply a payment in the same foreign currency to this invoice. Before you perform these actions, you will make changes to the Mint Store customer's settings so that invoice processing can be performed in line with the customer's currency-related preferences.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branche Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *11000 (Accounts Receivable)*, *40000 (Sales Revenue)*, and *42010 (Realized Gain CAD)* accounts have been created.

On the [Customer Classes](#) (AR201000) form, the *INTLCA (Canadian Customers)* customer class has been predefined.

On the [Customers](#) (AR303000) form, the Mint Store customer has been predefined.

On the [Payment Methods](#) (CA204000) form, the *WIRE* payment method for wire transfers has been created.

Process Overview

In this activity, you will update the customer's currency-related settings on the [Customers](#) (AR303000) form to prepare the customer for multicurrency invoice processing, and update the settings of the payment method on the [Payment Methods](#) (CA204000) form. On the [Invoices and Memos](#) (AR301000) form, you will then create an invoice in *CAD* and override the rate manually for this particular invoice. You will then post the invoice and review the GL transaction generated by the system on the [Journal Transactions](#) (GL301000) form. To review the customer's balance, you will run the [AR Balance by Customer MC](#) (AR633000) report. Finally, on the [Payments and Applications](#) (AR302000) form, you will pay the invoice in the same currency (*CAD*).

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

- Username: *johson*
- Password: *123*



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2021*. If a different date is displayed, click the Business Date menu button, and select *1/30/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Updating the Customer's Settings

To update the currency-related customer settings in preparation for multicurrency invoice processing, do the following:

1. Open the [Customers](#) (AR303000) form.
2. In the **Customer ID** box, select *MINTSTORE*.
3. On the **Financial** tab (**Financial Settings** section), do the following:
 - In the **Currency ID** box, select *CAD*.
This is the primary currency to be inserted in invoices and memos for this customer.
 - Notice that the **Curr. Rate Type** box is empty, which is the default value of this setting copied from the customer class.
This setting specifies the currency rate type to be used for the customer. Because you are not specifying a **Curr. Rate Type** value for the customer, the system will use the *SPOT* rate, which is set as the default rate for accounts receivable on the [Currency Management Preferences](#) (CM101000) form.

- Notice that the **Enable Currency Override** check box is cleared, which is the default state of this check box from the customer class.

With this check box cleared, you cannot override the currency in the invoices and memos to this customer—that is, the setting in the **Currency ID** box specifies the only currency that can be used in documents for this customer.



If in some situations you may need to issue invoices and memos to a customer in a currency other than the default one, you select this check box.

- Select the **Enable Rate Override** check box.
With this check box selected, you can override the rate type and exchange rate in documents created for this customer.
4. On the **Payment Methods** tab, for the *WIRE* method, select the **Is Default** check box.

5. On the form toolbar, click **Save** to save your changes.

Step 2: Reviewing the Payment Method Settings

To review the settings of the payment method for the foreign currency, do the following:

1. Open the [Payment Methods](#) (CA204000) form.
2. In the **Payment Method ID** box, select *WIRE*.
3. On the **Allowed Cash Accounts** tab, make sure that *10215WH (Checking Account CAD)* is listed, and the **Use in AP** and **Use in AR** check boxes are selected. You associated this payment method with the *10215WH* cash account and selected these check boxes when you created the account in [Multicurrency Cash Accounts: To Configure an Account](#).

Step 3: Creating and Releasing an Invoice

To create and release an invoice in the *CAD* currency, do the following:

1. Open the [Invoices and Memos](#) (AR301000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Invoice*
 - **Customer:** *MINTSTORE*
 - **Currency:** *CAD* (inserted automatically when you selected the customer)

The *CAD* currency is selected in the invoice (and the document amounts are specified in *CAD*) because you specified this currency for the customer. The currency of the invoice cannot be overridden because the **Enable Currency Override** check box is cleared for the customer on the **Financial** tab of the [Customers](#) (AR303000) form.

2. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Installation
 - **Ext. Price:** 300.01
3. Add another row, and specify the following settings:
 - **Transaction Descr.:** Business travel
 - **Ext. Price:** 150.01

5. In the Summary area, click the **Exchange Rate** box (right of the **Currency** box), and review the **Rate Selection** dialog box, which opens.

The **Curr. Rate Type ID (SPOT)** is the default rate type determined by the **AR Rate Type** setting on the [Currency Management Preferences](#) (CM101000) form, because you haven't specified a rate type for the customer. The system uses the currency rate that became effective on 1/30/2021. You can override the rate type and rate in this document because the **Enable Rate Override** check box is selected for the customer on the [Customers](#) form.



Any time you need to check which currency rate was effective on a particular date, on the [Currency Rates](#) (CM301000) form, you can select the needed date in the **Effective Date** box and review the **Effective Currency Rates** tab.

6. Click **OK** to close the **Rate Selection** dialog box.
7. In the Summary area, click the **View Base** button (right of the **Currency** box) to review the invoice amounts in the base currency (*USD*).

For converting the invoice total and line amounts, the system uses the *CAD-to-USD* rate that was effective on the invoice date. The system computes the detail total and the line amounts in the base currency as follows:

- \$352.24 (**Detail Total** of the document) = Round (C\$450.02 * 0.78271760)
- \$234.82 (**Amount** of the first line) = Round (C\$300.01 * 0.78271760)
- \$117.42 (**Amount** of the second line) = Round (C\$150.01 * 0.78271760)



When you are reviewing the document in the base currency, you cannot modify the document amounts. To be able to modify invoice amounts, you would have to switch back to viewing the document currency of the invoice by clicking **View Cury**.

8. Click **View Cury** to return to the document currency.
9. Click the **Exchange Rate** box (right of the **Currency** box), and in the **Rate Selection** dialog box (which opens), enter *0.735* as the *CAD-to-USD* rate.
10. Click **OK** to confirm the rate changes and close the dialog box.
11. In the Summary area, click **View Base**, and review the invoice amounts in the base currency.

The **Detail Total** in the base currency is \$330.76, because the system recalculated the amount by using the exchange rate that you have specified manually (C\$450.02 * 0.735). The system also recalculated the line amounts in the base currency by using the new rate; now they are \$220.51 for the first line and \$110.26 for the second line. This manually specified currency rate is used in this particular invoice only and does not override the effective currency rate of the *SPOT* type that is specified on the [Currency Rates](#) form.

12. On the form toolbar, click **Remove Hold**.
13. On the form toolbar, click **Release** to release the invoice.

Step 4: Reviewing the Generated GL Transaction

To review the GL transaction generated by the system, do the following:

1. While you are still on the *Invoices and Memos* (AR301000) form, on the **Financial Details** tab, click the link in the **Batch Nbr.** box.
2. On the *Journal Transactions* (GL301000) form, which opens, review the generated GL transaction in the document (*CAD*) and base (*USD*) currencies.

When the invoice was released, the following actions were performed in the system:

- The Accounts Receivable account of the customer (*11000*) was debited in the total invoice amount (C\$450.02, which is \$330.76 based on the document exchange rate).
- The sales account of the customer (*40000*) was credited in the invoice amounts specified in the document lines (\$220.51 = C\$300.01 * 0.735 for the first line, and \$110.26 = C\$150.01 * 0.735 for the second line).
- The rounding gain/loss account (*83100*) was debited in the amount of the rounding loss (\$0.01 = \$330.77 – \$330.76), which is due to rounding operations. (You specified this account for *CAD* on the *Currencies* (CM202000) form while performing *Multicurrency Functionality Implementation Activity*.) The rounding loss is caused by the difference between the document balance converted into the base currency (\$330.77 = Round (C\$450.02 * 0.735)) and the total of the line amounts converted into the base currency (\$330.76 = Round (C\$300.01 * 0.735) + Round (C\$150.01 * 0.735)).

Step 5: Reviewing the Customer's Balance

To review the customer's balance, do the following:

1. Open the *AR Balance by Customer MC* (AR633000) report form.
2. On the **Report Parameters** tab, specify the following parameters:
 - **Report Format:** *Open Documents*
This option means that the report will list all the documents that are open at the end of the selected period.
 - **Company/Branch:** *HEADOFFICE (SweetLife Head Office and Wholesale Center)*
 - **Financial Period:** *01-2021*
 - **Customer:** *MINTSTORE*
 - **Include Applications:** Cleared
3. On the form toolbar, click **Run Report**.
4. Review the report, which displays the invoice that you have processed and have not yet paid.

As the report shows, at the end of the period, the customer's outstanding balance is C\$450.02, which is \$330.76 in the base currency.

Step 6: Applying a Payment in the Same Foreign Currency to the Invoice

To create a payment and apply it to the invoice, do the following:

1. Open the *Payments and Applications* (AR302000) form.

2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:

- **Type:** *Payment*
- **Customer:** *MINTSTORE*
- **Payment Method:** *WIRE* (inserted automatically when you select the customer)
- **Cash Account:** *10215WH*
- **Currency:** *CAD* (inserted automatically when you select the cash account)

A payment is always created in the currency of the selected cash account; this currency can differ from the customer's currency and cannot be overridden.

- **Description:** *Juicer installation*
- **Application Date:** *1/31/2021*
- **Application Period:** *01-2021*

On the **Documents to Apply** tab, the system has loaded the invoice you created for this customer earlier.

3. Select the Included check box for the row with the invoice, and in the Summary area, click the Refresh button to the right of the **Payment Amount** box.
4. In the Summary area, click the **View Base** button (right of the **Currency** box), and review the payment amount in the base currency. The payment amount is recalculated in the base currency by the exchange rate of the payment and is \$352.24 (C\$450.02 * 0.7827176, which is the CAD-to-USD exchange rate that was effective on the payment date of 1/31/2021).
5. On the form toolbar, click **Remove Hold**, and then click **Release** to release the payment.
6. On the **Financial Details** tab, click the **Batch Nbr.** link.
7. On the *Journal Transactions* (GL301000) form, which opens, review the generated GL transaction in the document currency.
8. In the Summary area, click **View Base** (right of the **Currency** box), and review the transaction in the base currency.

When the payment was released, the following actions were performed in the system:

- The checking account specified in the payment (*10215*, which you created in *Multicurrency Functionality: Implementation Activity*) was debited in the payment amount, which the system converted to the base currency by using the exchange rate of the payment (\$352.24 = Round (C\$450.02 * 0.7827176)).
- The Accounts Receivable account of the customer (*11000*) was credited in the payment amount applied to the invoice; the system converted the payment amount to the base currency by using the exchange rate of the invoice (\$330.76 = Round (C\$450.02 * 0.735)).
- The realized gain account associated with the *CAD* currency (*42010*, which you specified when you defined the currency in *Multicurrency Functionality: Implementation Activity*), was credited in the amount of the realized gain, which is the result of differences in the rates of the invoice and

the payment. The payment rate is greater than the invoice rate. Thus, the result of applying the payment to the invoice is a realized gain in the amount of \$21.48 (\$352.24 – \$330.76).

AR Invoices in Foreign Currencies: Related Reports and Forms

In the following sections, you can find details about the reports and inquiry form you may want to review to gather information about invoices in a foreign currency.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing Customer Balances in a Foreign Currency

You can review a customer's balance broken down by document and the current balance in both the base currency and in a foreign currency on the *Customer Details* (AR402000) form. The inquiry form shows document amounts in the foreign currency, the same amounts recalculated to the base currency, and the realized gains and losses.

Reviewing AR Balance by Customer in a Foreign Currency

You can review the outstanding foreign currency balance of a particular customer or all customers for a selected financial period by running the *AR Balance by Customer MC* (AR633000) report.

Reviewing Invoices Coming Due

To determine when you should expect to receive payments for the outstanding multicurrency documents, you can use the *AR Coming Due MC* (AR631600) report. The report shows all open documents recorded in the system, regardless of the current business date or the date specified in the **Date** box on this report form.

Reviewing Invoices Overdue for Payment

To determine which multicurrency documents are overdue for payment and for how long, you can run the *AR Aging MC* (AR631100) report. The report shows all released AR documents in the system, and the document balances on the date specified in the **Age as of Date** box on this report form.

Lesson 3.2: Applying Credit Memos in Foreign Currencies to Invoices

Credit Memos in Foreign Currencies: General Information

In Acumatica ERP, the amount of a released invoice, which increases a customer's debt, cannot be changed directly in the released document. If you need to decrease the customer's balance, you issue a credit memo.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create a credit memo in a foreign currency
- Apply the credit memo to an invoice in a foreign currency

Applicable Scenarios

You create a credit memo in a foreign currency in the following cases:

- You need to adjust the balance of a released multicurrency invoice.
- You need to decrease the amount owed to you by a particular customer.

Use of a Credit Memo to Decrease the Amount of an Invoice

You issue a credit memo, which will be used to decrease a customer's debt, by using [Invoices and Memos](#) (AR301000) form—the same form you use to create an invoice. The credit memo is independent from the original invoice, with no direct reference to it. The processing of a credit memo includes the application of this credit memo to the applicable invoice, which establishes a link between these two documents. A credit memo may have multiple lines or one summary line. Credit memos do not have due dates and may be numbered differently from invoices, depending on the standards in place in your organization.

The release of a credit memo decreases the customer's balance. The application of a released credit memo against invoices, debit memos, and overdue charges decreases the outstanding amount of these documents by the amount of the credit memo. For details, see [Credit Memos in Foreign Currencies: Process Activity](#).

Credit Memos in Foreign Currencies: Generated Transactions

To be able to decrease customer balances in foreign currencies, you create and process credit memos. To update customer balances, the system generates the GL transactions described in the following sections.

Transaction Generated for a Credit Memo

When you create and release a credit memo, the system generates the following GL transaction.

Account	Debit	Credit
Accounts Receivable	0.00	Amount
Sales	Amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the [Invoices and Memos](#) (AR301000) form.

Transactions Generated for a Credit Memo Application Producing RGOL

When you release a credit memo application to an invoice in a foreign currency, the difference in currency rates can produce a realized gain or loss (RGOL).

The following GL transaction is generated if the application produced a realized gain.

Account	Debit	Credit
Accounts Receivable	Gain amount	0.00
Realized Gain/Loss	0.00	Gain amount

The following GL transaction is generated if the application produced a realized loss.

Account	Debit	Credit
Accounts Receivable	0.00	Loss amount
Realized Gain/Loss	Loss amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the [Payments and Applications](#) (AR302000) form.

Credit Memos in Foreign Currencies: Process Activity

The following activity will walk you through the process of creating a credit memo in a foreign currency and applying it to an invoice in the same currency.

Story

Suppose that on February 1, 2021, SweetLife Fruits & Jams provided consulting services to the EasyDiner customer in the amount of 80 euros (€80). On February 15, 2021, SweetLife gave a discount on these services and issued a €5 credit memo to the customer.

Acting as a SweetLife accountant, you need to create this credit memo and apply it to the invoice.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the 11000 (*Accounts Receivable*), 40000 (*Sales Revenue*), and 83000(*Realized Gain/Loss Currency*) accounts have been created.

On the [Customer Classes](#) (AR201000) form, the *INTLCA (Canadian Customers)* customer class has been predefined.

On the [Customers](#) (AR303000) form, the EasyDiner customer has been predefined.

Process Overview

In this activity, you will update the EasyDiner customer's settings on the [Customers](#) (AR303000) form, specifying the *EUR* currency for this customer. On the [Invoices and Memos](#) (AR301000) form, you will create the invoice to which you will later apply the credit memo and then release this invoice.

On the same form, you will create a credit memo for the customer in the *EUR* currency and then release this credit memo. On the *Payments and Applications* (AR302000) form, you will apply the credit memo to the invoice and release the application. On the *Journal Transactions* (GL301000) form, you will review the GL transaction generated by the system to record the realized loss for the currency. Finally, on the *Invoices and Memos* form, you will review the balance of the invoice to make sure it has been decreased by the credit memo.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

- Username: *johson*
- Password: *123*



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *2/1/2021*. If a different date is displayed, click the Business Date menu button, and select *2/1/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Updating the Customer's Settings

To update the currency-related customer settings in preparation for the application of a credit memo, do the following:

1. Open the *Customers* (AR303000) form.
2. In the **Customer ID** box, select *EASYDINER*.
3. On the **Financial** tab (**Financial Settings** section), specify the following settings:
 - **Currency ID:** *EUR*
 - **Enable Rate Override:** Selected
4. On the **Payment Methods** tab, for the *WIRE* method, select the **Is Default** check box.
5. On the form toolbar, click **Save** to save your changes.

Step 2: Creating and Releasing an Invoice

To create an AR invoice in the *EUR* currency, do the following:

1. Open the *Invoices and Memos* (AR301000) form.

2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Invoice*
 - **Customer:** *EASYDINER*
 - **Currency:** *EUR* (inserted automatically when you selected the customer)

The system automatically inserted this currency because you specified it for the customer. The **Enable Currency Override** check box is cleared for the customer on the **Financial** tab of the [Customers](#) (AR303000) form, so this currency is the only currency that is allowed for the customer. It cannot be overridden in the document.

- **Date:** *2/1/2021*
 - **Post Period:** *02-2021*
 - **Description:** Consulting services
3. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Consulting services
 - **Ext. Price:** *80*
 4. On the form toolbar, click **Remove Hold**.
 5. On the form toolbar, click **Release** to release the invoice.

Step 3: Creating and Releasing a Credit Memo

To create a credit memo in the *EUR* currency, do the following:

1. On the [Invoices and Memos](#) (AR301000) form, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Credit Memo*
 - **Customer:** *EASYDINER*
 - **Date:** *2/15/2021*
 - **Post Period:** *02-2021*
 - **Description:** Discount on consulting services
2. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Discount on consulting services
 - **Ext. Price:** *5*

The currency rate specified for the credit memo is 1.21187443, which is the effective rate on the document date. The invoice on which the discount is given was created with a currency rate of 1.21374984. If you apply this credit memo to the invoice, the operation will produce a realized loss, which is due to the difference of the currency rates.



If you want to apply the credit memo to the invoice without a realized gain or loss, you need to change the currency rate of the credit memo to the rate specified in the invoice.

3. On the form toolbar, click **Remove Hold**.
4. On the form toolbar, click **Release** to release the credit memo.
5. On the **Financial Details** tab, click the **Batch Nbr.** link.
6. On the *Journal Transactions* (GL301000) form, which opens, review the generated batch in the base currency (*USD*).

When the credit memo was released, the following actions were performed in the system:

- The Accounts Receivable account of the customer (*11000*) was credited in the amount of the credit memo; the system converted the amount to the base currency by using the document rate ($\$6.06 = \text{Round} (\text{€}5.00 * 1.21187443)$) to decrease the customer's debt.
- The Sales account of the customer (*40000*) was debited in the amount of the credit memo ($\$6.06 = \text{Round} (\text{€}5.00 * 1.21187443)$) to increase the realized loss produced by the invoice.

Step 4: Applying the Credit Memo to the Invoice

To apply the credit memo to the invoice, do the following:

1. On the form toolbar of the *Invoices and Memos* (AR301000) form with the credit memo opened, click **Apply**.
2. On the *Payments and Applications* (AR302000) form, which opens, make sure that the following settings are specified:
 - **Application Date:** 2/15/2021
 - **Application Period:** 02-2021
3. On the table toolbar of the **Documents to Apply** tab, click **Load Documents**. Leave the default settings in the **Load Documents** dialog box, which opens, and click **Load**.

When you click **Load**, the dialog box closes, and the invoice dated 2/1/2021, to which the memo will be applied, appears in the table of the **Documents to Apply** tab.
4. On the form toolbar, click **Release** to release the application.
5. Review the **Application History** tab. When the system applied the credit memo to the invoice, it generated a GL transaction, whose reference number is shown in the **Batch Number** column.



If the application did not produce realized gain or loss, no transaction would be generated on release of the application; thus, the **Batch Number** column would be empty for the application on the **Application History** tab.

6. Click the link in the **Batch Number** column, and on the *Journal Transactions* (GL301000) form, which opens, review the generated GL transaction in the base currency.

When the application was released, the following actions were performed in the system:

- The AR account specified in the invoice (*11000*) was credited in the amount of the realized loss, which has been calculated as follows: \$0.01 = Round (€5.00 * 1.21374984) – Round (€5.00 * 1.21187443)).
 - The realized gain/loss account of the document currency (*83000*) was debited in the amount of \$0.01 to record the realized loss.
7. On the *Invoices and Memos* (AR301000) form, open the invoice to which you applied the credit memo, and review the **Applications** tab.

The balance of the invoice has decreased by €5.00 and is now €75.00.

Lesson 3.3: Paying Invoices in Foreign Currencies by Using Other Currencies

Multicurrency Payment of Invoices: General Information

In Acumatica ERP, you can apply payments created in one currency to documents created in another currency, and payments created in the base currency to documents created in a foreign currency.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create an invoice in a foreign currency and a payment for it in the base currency
- Create an invoice in a foreign currency and a payment for it in another foreign currency
- Review and analyze how the system applies payments to invoices when the currency of the payment differs from the currency of the invoice
- Override the cross rate used in the payment

Applicable Scenarios

You process an invoice in a foreign currency by using the base currency in the following cases:

- Your company has received a payment in a foreign currency to its bank account in the base currency and needs to convert the payment to fully close the invoice.
- Your company has received a payment in a foreign currency, but does not have a bank account in this currency.

Application of a Cross Rate

When the system applies the payment, if the currency of the document differs from the currency of the payment, the system uses a *cross rate* to calculate the amount of the invoice that is being paid. The cross rate determines how to convert the amount paid in the payment currency to the invoice currency.

By default, the cross rate is calculated as the effective rate of the invoice currency on the payment date divided by the payment rate. The default cross rate can be overridden in the payments that are applied to the invoices in the foreign currency.



You cannot override the cross rate of payment application to the documents in the base currency because realized gain or loss (RGOL) is not calculated for these documents.

Calculation and Application of RGOL

When a payment is applied to an AR invoice, and the payment and the invoice are in different currencies, the system calculates realized gain or loss (RGOL) in the base currency by using the following formula:

```
RGOL Amount = Round (Payment Amount * Payment Rate) - Round (Payment Amount Converted * Invoice Rate)
```

In this formula, $\text{Payment Amount Converted} = \text{Round} (\text{Payment Amount}/\text{Cross Rate})$

That is, the realized gain or loss is calculated as the payment amount in the base currency minus the part of the invoice that is being paid (converted to the base currency). To compute the invoice amount that is being paid, the system has to convert the payment amount into the base currency by using the payment rate and then into the invoice currency by using the reciprocal rate of the invoice currency that was effective on the payment date. That is, to convert the payment amount into the invoice currency, the system divides the payment amount by the cross rate. When the payment is applied, the balance of the invoice is reduced by the payment amount converted into the invoice currency by using the cross rate.

The RGOL amount calculated when the system applies a payment to an invoice is processed as follows:

- If the calculated RGOL amount is positive, meaning that the application of this payment produces a gain, the realized gain account associated with the invoice currency is credited in the RGOL amount.
- If the calculated RGOL amount is negative, indicating that the application of this payment produces a loss, the realized loss account associated with the invoice currency is debited in the amount of $(-1) * \text{RGOL}$.

If a payment is issued in a foreign currency other than the foreign currency of the document, the realized gain or loss is calculated as the amount of the payment in the base currency (calculated using the exchange rate specified for the payment) minus the original amount of the document in the base currency. The following formula is used.

```
RGOL Amount = Round (Payment Amount * Payment Rate) - Round (Payment Amount Converted * Document Rate), where
```

```
Payment Amount Converted = Round(Payment Amount/Cross Rate), where
```

```
Cross Rate = Document Rate/Payment Rate (on the payment date)
```

In these formulas, *Round ()* indicates that the amount within parentheses is rounded to the decimal precision that is set for the base currency in the Summary area of the *Currencies* (CM202000) form.

Multicurrency Payment of Invoices: Generated Transactions

To be able to pay an AR invoice in a foreign currency by using the base currency or another foreign currency, you create and process an invoice and a payment. To update customer balances, the system generates the GL transactions described in the following sections.

Transaction Generated for an AR Invoice

When you create and release a one-line AR invoice, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Accounts Receivable	AR	Amount	0.00
Sales Revenue		0.00	Amount
Rounding Gain/Loss		Rounding loss amount	Rounding gain amount

You can view the reference number of the GL batch on the **Financial Details** tab of the *Invoices and Memos* (AR301000) form.

Transactions Generated for an Invoice Payment

When you create and release a payment in the base currency, which was converted at a currency rate greater than that of the invoice, the system produces a positive RGOL amount and generates the following GL transaction.

Account	Source of Ac-count	Debit	Credit
Cash		Payment amount	0.00
Accounts Receivable	AR	0.00	Invoice amount
Realized Gain		0.00	Realized gain amount

When you create and release a payment in the base currency, which was converted at a currency rate less than that of the invoice, the system produces a negative RGOL amount and generates the following GL transaction.

Account	Source of Ac-count	Debit	Credit
Cash		Payment amount	0.00
Accounts Receivable	AR	0.00	Invoice amount
Realized Loss		Realized loss amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the *Payments and Applications* (AR302000) form.

Multicurrency Payment of Invoices: To Pay a Foreign Currency Invoice by Using the Base Currency

The following activity will walk you through the process of creating an AR invoice in a foreign currency and paying it by using the base currency.

Story

Suppose that on January 30, 2021, SweetLife Fruits & Jams provided services to the Mint Store customer in the amount of 200 Canadian dollars (C\$200). According to SweetLife's bank records, on February 20, 2021, the company received C\$200 from Mint Store. This amount was converted from CAD into USD by the bank by using the actual bank exchange (0.7913) on the date when the bank received the payment to \$158.26.

Because SweetLife received this amount to its *USD* bank account, the C\$200 sent by the customer to SweetLife must be converted to the correct amount in *USD* so that the C\$200 invoice can be closed.

Acting as a SweetLife accountant, you need to process the invoice and apply the payment to it.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *10200 (Company Checking Account)*, *11000 (Accounts Receivable)*, *40000 (Sales Revenue)*, and *42010 (Realized Gain CAD)* accounts have been created.

On the [Customers](#) (AR303000) form, the Mint Store customer has been predefined.

On the [Payment Methods](#) (CA204000) form, the cash account for the *CAD* currency has been added for the *WIRE* payment method.

Process Overview

In this activity, on the [Invoices and Memos](#) (AR301000) form, you will create and post an AR invoice in the *CAD* currency. On the [Payments and Applications](#) (AR302000) form, you will create a payment in the base currency and apply it to the invoice in *CAD*. To fully pay the invoice, you will update the cross rate for the invoice, and then release the payment application. Finally, you will review the generated GL transaction on the [Journal Transactions](#) (GL301000) form.

System Preparation

To prepare the system for the steps, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*

- Password: 123



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/30/2021*. If a different date is displayed, click the Business Date menu button, and select *1/30/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating and Releasing an AR Invoice

To create an AR invoice that you will pay later and then release the invoice, do the following:

1. Open the *Invoices and Memos* (AR301000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Invoice*
 - **Customer:** *MINTSTORE*
 - **Currency:** *CAD* (inserted automatically when you selected the customer; cannot be overridden)
 - **Date:** *1/30/2021*
 - **Post Period:** *01-2021*
 - **Description:** *Services 01-2021*
3. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** *Services 01-2021*
 - **Ext. Price:** *200*

The **Ext. Price** is specified in *CAD*, which is the currency of the invoice.
4. In the Summary area, click **View Base**, and review the invoice in the base currency. Notice that the **Detail Total** in USD is \$156.54 (*C\$200 * 0.7827176*).
5. On the form toolbar, click **Remove Hold**.
6. Click **Release** on the form toolbar to release the invoice.
7. On the **Financial Details** tab, click the **Batch Nbr.** link to open the GL transaction generated on release of the invoice.
8. On the *Journal Transactions* (GL301000) form, which opens, review the generated GL transaction in the document currency (*CAD*) and the base currency (*USD*).

When the invoice was released, the following actions were performed in the system:

- The AR account specified in the invoice (*11000*) was debited in the total invoice amount, which the system converted to the base currency by using the document rate (\$156.54 = Round (C\$200 * 0.7827176)).
- The sales account (*40000*) was credited in the line amount converted to the base currency by the document rate (\$156.54 = Round (C\$200 * 0.7827176)).

Step 2: Processing a Payment for the Invoice

To create a payment and apply it to the invoice, do the following:

1. Open the *Payments and Applications* (AR302000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Payment*
 - **Customer:** *MINTSTORE*
 - **Payment Method:** *WIRE* (inserted automatically when you select the customer)
 - **Cash Account:** *10200WH (Wholesale Checking)*
 - **Currency:** *USD* (inserted automatically when you select the cash account)
 - **Description:** *Services 01-2021*
 - **Application Date:** *2/20/2021*
 - **Application Period:** *02-2021*
 - **Payment Amount:** *158.26*

On the **Documents to Apply** tab, the system has loaded the invoice you created for this customer earlier.

3. Select the Included check box for the row with the invoice to select it, and review the amounts in the Summary area.

The payment is in the base currency because the specified cash account is maintained in the base currency. Its amount is \$158.26, according to the bank records. The cross rate shown in the **Cross Rate** column in the table, which is calculated between the currency of the original document (*CAD*) and the currency of the payment (*USD*), is 0.78758762, which is the *CAD-to-USD* exchange rate that was effective on 2/20/2021.

As you can see, when you apply the payment to the invoice, the invoice will be fully paid and its **Balance** will be \$0.00, while the payment will still have an open balance in the amount of \$0.74. The SweetLife accountant knows that the invoice should be fully paid, because Mint Store sent exactly C\$200.00, which is the outstanding balance of the invoice.

To close both the invoice and the payment, you have to set the cross rate equal to the bank exchange rate (0.7913), so that the amount paid for the invoice and amount applied to the invoice will be equal. After you apply the payment to the invoice, both the **Balance** of the invoice and the **Available Balance** of the payment will be *0.00* in both currencies.

4. In the table, enter 0.7913 in the **Cross Rate** column to use this rate in the payment.

Now the amount in the base currency that will be applied to the invoice (**Amount Paid**) is equal to the **Payment Amount** of the payment.

5. On the form toolbar, click **Remove Hold**.
6. On the form toolbar, click **Release** to release the payment.
7. On the **Financial Details** tab, click the **Batch Nbr.** link, and review the generated transaction on the *Journal Transactions* (GL301000) form, which opens.

When the payment and its application were released, the following actions were performed in the system:

- The checking account specified in the payment (10200) was debited in the amount of the payment applied to the invoice (\$158.26)
- The AR account of the customer (11000) was credited in the total amount of the invoice, which equals the payment amount divided by the cross rate and multiplied by the invoice rate ($\$156.54 = \text{Round} (\$158.26 / 0.7913 * 0.7827176)$), to decrease the customer's outstanding balance and close the invoice.
- The realized gain account associated with the document currency (42010), which you specified when you defined the currency in *Multicurrency Functionality: Implementation Activity*, was credited in the amount of the realized gain, which is the amount of the payment in the base currency minus the original amount of the invoice in the base currency ($\$1.72 = \$158.26 - \$156.54$).

Multicurrency Payment of Invoices: To Pay a Foreign Currency Invoice by Using Another Currency

The following activity will walk you through the process of paying an invoice in a foreign currency by using another foreign currency.

Story

Suppose that on January 10, 2021, SweetLife Fruits & Jams provided consulting services to the EasyDiner customer in the amount of 50 euros (*EUR* in the system). By the end of January, the customer informed SweetLife that they were going to pay the invoice in Canadian dollars (*CAD*); SweetLife agreed to use for the payment the following exchange rate: 1 *EUR* = 1.51 *CAD*. On January 31, EasyDiner made the first partial payment in the amount of 20 euros.

Acting as a SweetLife accountant, you need to process the invoice and apply the payment to it. Then you need to print the multicurrency report to review the outstanding balance of the customer.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the *Enable/Disable Features* (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *11000 (Accounts Receivable)* and *83000 (Realized Gain/Loss Currency)* accounts have been created.

On the [Customers](#) (AR303000) form, the EasyDiner customer has been predefined.

On the [Payment Methods](#) (CA204000) form, the *WIRE* payment method for wire transfers has been created.

Process Overview

In this activity, on the [Invoices and Memos](#) (AR301000) form, you will create and release an invoice in EUR. On the [Payments and Applications](#) (AR302000) form, you will partially pay this invoice in the amount of 20 EUR. Finally, you will print the multicurrency report on the [AR Balance by Customer MC](#) (AR633000) form to review the outstanding balance of the customer.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johansson*
 - Password: *123*

 You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/10/2021*. If a different date is displayed, click the Business Date menu button, and select *1/10/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating and Releasing an Invoice

To create an invoice in a foreign currency and release it, do the following:

1. Open the [Invoices and Memos](#) (AR301000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Invoice*
 - **Customer:** *EASYDINER*
 - **Currency:** *EUR* (automatically inserted; cannot be overridden)
 - **Date:** *1/10/2021*
 - **Post Period:** *01-2021*

- **Description:** Consulting services 01-2021
3. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
- **Transaction Descr.:** Consulting services 01-2021
 - **Ext. Price:** 50
4. In the Summary area, click **View Base** (right of the **Currency** box), and review the invoice in the base currency (*USD*).
- The **Detail Total** in *USD* is \$60.78, based on the currency exchange rate of the document (€50 * 1.21553798).
5. On the form toolbar, click **Remove Hold**.
 6. On the form toolbar, click **Release** to release the invoice.

Step 2: Processing a Payment for the Invoice

To create a payment in a foreign currency and apply it to the invoice, do the following:

1. Open the [Payments and Applications](#) (AR302000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Payment*
 - **Customer:** *EASYDINER*
 - **Payment Method:** *WIRE* (inserted automatically when you selected the customer)
 - **Cash Account:** *10215WH (Checking Account CAD)*
 - **Currency:** *CAD* (inserted automatically when you selected the cash account)
 - **Description:** Partial payment on consulting services
 - **Application Date:** *1/31/2021*
 - **Application Period:** *01-2021*
 - **Payment Amount:** *20*

On the **Documents to Apply** tab, the system has loaded the invoices you created for this customer in Step 1 of this activity and in a previous activity.

3. Select the **Included** check box for the invoice dated 1/10/2021 to select it.

The default cross rate for the payment application is calculated as the exchange rate of the invoice currency that was effective on the payment date divided by the currency rate of the payment:
 $1.550586\dots = 1.21553798 / 0.7827176$.

You have to override this rate to 1.51, which is the *EUR-to-CAD* rate that had been agreed on with the customer. Thus, the payment amount converted to *CAD* is C\$30.20 (€20 * 1.51); this amount is not shown on the form.

4. In the **Cross Rate** column, enter 1.51, and review the payment in the invoice currency and in the base currency.
5. In the **Amount Paid** column for the invoice, specify 20.

Based on the actual exchange rate on the date of the payment, the payment amount in *USD* is \$15.65 (C\$20.00 * 0.7827176).

The balance that you see in the **Balance** column of the table for the invoice is the open amount of the invoice after you apply the payment, which is shown in the payment currency and is converted by using the cross rate: (€50.00 – €13.25) * 1.51 = C\$55.50.

6. On the form toolbar, click **Remove Hold**.
7. On the form toolbar, click **Release** to release the payment.
8. On the **Financial Details** tab, click the **Batch Nbr.** link.
9. On the *Journal Transactions* (GL301000) form, which opens, review the GL transaction in the base currency (*USD*).

When the payment was released, the following actions were performed in the system:

- The checking account specified in the payment (10215, which you created in *Multicurrency Functionality: Implementation Activity*) was debited in the amount of the payment that the system converted to the base currency by using the payment rate (\$15.65 = Round (€20 * 0.7827176)).
- The Accounts Receivable account of the customer (11000) was credited in the amount in the base currency deducted from the invoice balance (\$16.09 = Round (Round (€20 * 1.21553798) / 1.51)) to decrease the customer's debt.
- The realized gain/loss account of the document currency (83000, which you specified when you defined the currency in *Multicurrency Functionality: Implementation Activity*) was debited in the amount of the realized loss, which is the amount of the payment in the base currency minus the amount in the base currency deducted from the invoice balance (\$0.44 = \$15.65 – \$16.09).



If an invoice is issued in the base currency, no gain or loss will be realized on the payment, regardless of the currency of the payment.

10. On the *Invoices and Memos* (AR301000) form, open the invoice to which you have applied the payment, and review the **Applications** tab.

The payment in *CAD* with the amount equivalent to €20 was applied to the invoice. The balance of the invoice is currently €36.76.

Step 3: Printing the Multicurrency Report

To review the outstanding balance of all customers and print the multicurrency report, do the following:

1. Open the *AR Balance by Customer MC* (AR633000) form.
2. On the **Report Parameters** tab, specify the following settings:

- **Report Format:** Open + Current Period
 - **Company/Branch:** HEADOFFICE
 - **Financial Period:** 01-2021
 - **Include Applications:** Cleared
3. On the form toolbar, click **Run Report** and review the report.

The report lists all the documents processed in the 01-2021 period, along with the documents that are open at the end of the period; the listed documents are grouped by customer. For each document, you can review the document balance in the document currency. Also, for each customer, you can review the total of the documents in each currency at the end of the period.

Lesson 3.4: Processing Bills in Foreign Currencies

AP Bills in Foreign Currencies: General Information

In Acumatica ERP, the multicurrency functionality is supported for AP documents. The system recalculates all transactions made in a foreign currency to the company's base currency. To record the difference resulting from rounding during currency conversion, the system uses the rounding gain and loss accounts specified for the document currency on the [Currencies](#) (CM202000) form. The small amount resulting from the currency rounding may be posted as a debit or a credit, depending on its sign.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create and process a bill in a foreign currency
- Pay a bill in the same foreign currency

Applicable Scenarios

You process bills in a foreign currency if your vendors send you bills in this currency and expect you to pay them in the same currency.

Processing of a Bill in a Foreign Currency

When an AP document is created, the system uses the currency settings of the vendor that is selected in the document. These currency settings are the currency, currency rate type, currency override ability, and currency rate override ability.

The GL transaction posted to the general ledger on release of the AP document, and the document itself can be reviewed in two currencies: the base currency and the document currency. To recalculate the document amounts in the base currency, the system uses the currency exchange rate that was effective on the date of the document, unless the rate is overridden in the document.

The RGOL amount calculated when a payment or debit adjustment is applied to a bill is processed as follows:

- If the calculated RGOL amount is negative, meaning that the application produces a gain, the realized gain account associated with the bill currency is credited in the amount of $(-1) * \text{RGOL}$.
- If the calculated RGOL amount is positive, which indicates that the application produces a loss, the realized loss account associated with the bill currency is debited in the amount of the calculated RGOL.

Formula to Calculate Realized Gains and Losses

When a payment is applied to an AP bill, and the payment and the bill are in the same foreign currency, the system calculates the realized gain or loss (RGOL) in the base currency by using the following formula:

$$\text{RGOL Amount} = \text{Round}(\text{Payment Amount} * \text{Payment Rate}) - \text{Round}(\text{Payment Amount} * \text{Bill Rate})$$

That is, the system calculates the realized gain or loss as the payment amount converted into the base currency by using the payment rate minus the payment amount, which the system has converted into the base currency by using the bill rate. `Round()` indicates that the amount within parentheses is rounded to the decimal precision that is set for the base currency.

Application of RGOL Amounts to Bills

A realized gain or loss (RGOL) is calculated when a payment in a foreign currency is applied to an AP bill. The system compares the exchange rate of the bill to the exchange rate of the payment and calculates the realized gain or loss. When the payment is applied to the bill, the RGOL amount is processed by the system as follows:

- If the calculated RGOL amount is negative, meaning that the application of the payment produces a gain, the realized gain account associated with the bill currency is credited in the amount of $(-1) * \text{RGOL}$.
- If the calculated RGOL amount is positive, meaning that the application of the payment produces a loss, the realized loss account associated with the bill currency is debited in the amount of the calculated RGOL.

AP Bills in Foreign Currencies: Generated Transactions

To be able to process AP bills in a foreign currency, you create and process a bill and a payment. To update vendor balances, the system generates the GL transactions described in the following sections.

Transaction Generated for an AP Bill

When you create and release a one-line bill, the following transaction will be recorded to the general ledger when the bill is released.

Account	Source of Account	Debit	Credit
Accounts Payable	AP	0.00	Amount
Expense		Amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the *Bills and Adjustments* (AP301000) form.

Transactions Generated for a Bill Payment

When you create and release a payment in a foreign currency and the currency rate of the payment is greater than that of the bill, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Cash		0.00	Amount
Accounts Payable	AP	Amount + realized gain amount	0.00
Realized Gain		0.00	Realized gain amount

When you create and release a payment in a foreign currency and the currency rate of the payment is less than that of the bill, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Cash		0.00	Amount + realized loss amount
Accounts Payable	AP	Amount	0.00
Realized Loss		Realized loss amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the [Checks and Payments](#) (AP302000) form.

AP Bills in Foreign Currencies: Process Activity

The following activity will walk you through the processing of an AP bill in a foreign currency.

Story

Suppose that on January 13, 2021, MapleLeaf Ads Co. provided services to the SweetLife Fruits & Jams company in the amount of 350 Canadian dollars (defined as *CAD* in the system), for which MapleLeaf billed SweetLife. On January 30, 2021, SweetLife paid this bill.

Acting as a SweetLife accountant, you need to create a bill and apply a payment in *CAD* (that is, in the same foreign currency) to the bill. Before you perform these actions, you will make changes to the MapleLeaf vendor's settings so that bill processing can be performed in line with its currency-related preferences.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *20000 (Accounts Payable)*, *81000 (Other Expenses)*, and *42010 (Realized Gain CAD)* accounts have been created.

On the [Vendors](#) (AP303000) form, the MapleLeaf vendor has been predefined.

Process Overview

In this activity, you will first update the currency-related settings of the MapleLeaf Co. vendor on the [Vendors](#) (AP303000) form. On the [Bills and Adjustments](#) (AP301000) form, you will then create and release an AP bill in the *CAD* currency. You will then pay this bill on the [Checks and Payments](#) (AP302000) form.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/13/2021*. If a different date is displayed, click the Business Date menu button, and select *1/13/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Updating the Vendor's Settings

To update the currency-related settings of the vendor (which has been preconfigured in the *U100* dataset) in preparation for multicurrency bill processing, do the following:

1. Open the [Vendors](#) (AP303000) form.
2. In the **Vendor ID** box, select *MAPLELEAF*.
3. On the **Financial** tab (**Financial Settings** section), do the following:
 - In the **Currency ID** box, select *CAD*.

This is the primary currency to be inserted in bills and adjustments to this vendor.
 - Notice that the **Curr. Rate Type** box is empty, which is the default value of this setting copied from the settings of the vendor class.

This setting specifies the currency rate type to be used for the vendor. Because you are not specifying a **Curr. Rate Type** for the vendor, the system will use the *SPOT* rate, which is set

as the default rate for accounts payable on the [Currency Management Preferences](#) (CM101000) form.

- Notice that the **Enable Currency Override** check box is cleared, which is the default state of the setting copied from the vendor class.

With this check box cleared, you cannot override the currency in the bills and adjustments to this vendor. That is, the setting in the **Currency ID** box on this form for the vendor is the only currency that may be used in documents for this vendor.

- Make sure that the **Enable Rate Override** check box is cleared.

With this check box cleared, you cannot override the rate type and exchange rate in documents created for this vendor.

- On the **Payment** tab (**Default Payment Settings** section), specify the following settings:

- Payment Method:** *WIRE*
- Cash Account:** *10215WH (Checking Account CAD)*

- On the form toolbar, click **Save** to save your changes.

Step 2: Creating and Releasing a Bill

To create and release a bill in the *CAD* currency, do the following:

- Open the [Bills and Adjustments](#) (AP301000) form.
- On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - Type:** *Bill*
 - Vendor:** *MAPLELEAF*
 - Currency:** *CAD* (inserted automatically when you selected the vendor)

The *CAD* currency is selected in the bill because you have assigned this currency to the vendor. Thus, the document amounts are specified in Canadian dollars. You cannot override the currency in this particular bill because the **Enable Currency Override** check box is cleared for the vendor on the [Vendors](#) (AP303000) form.

- Date:** *1/13/2021*
 - Post Period:** *01-2021*
 - Description:** *Services 01-2021*
- On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - Transaction Descr.:** *Services 01-2021*
 - Ext. Cost:** *350*
 - In the Summary area, click the **Exchange Rate** box (right of the **Currency** box), and review the **Rate Selection** dialog box, which opens. The **Curr. Rate Type ID (SPOT)** is the default rate type determined by the **AP Rate Type** setting on the [Currency Management Preferences](#) (CM101000)

form, because you haven't specified a rate type in the vendor record. The currency rate of the *SPOT* rate type for 1/13/2021 is the currency rate that is effective starting on 1/1/2021. You cannot override the rate type and rate in this document because the **Enable Rate Override** check box is cleared for the vendor on the [Vendors](#) form.



Any time you need to check which currency rate was effective on a particular date, on the [Currency Rates](#) (CM301000) form, you can select the needed date in the **Effective Date** box and review the **Effective Currency Rates** tab.

5. Click **OK** to close the **Rate Selection** dialog box.
6. In the Summary area, click the **View Base** button (right of the **Currency** box) to review the bill amounts in the base currency (*USD*). For converting the bill amounts, the system uses the *CAD-to-USD* rate that was effective on the bill date; thus, the detail total is $\text{C\$}350.00 * 0.78907914 = \276.18 .



You can edit amounts in the document only while viewing the document in the document currency. When you are reviewing the document in the base currency, you cannot modify the document amounts.

7. On the form toolbar, click **Remove Hold**.
8. On the form toolbar, click **Release** to release the bill.
9. On the **Financial Details** tab, click the **Batch Nbr.** link.
10. On the [Journal Transactions](#) (GL301000) form, review the generated GL transaction in the foreign currency of the document (*CAD*) and in the base currency (*USD*).

When the system released the transaction:

- The AP account specified in the bill (*20000*) was credited in the amount of the bill, which the system converted to the base currency by using the rate specified in the bill (Round ($\text{C\$}350.00 * 0.78907914$) = $\$276.18$).
- The expense account specified in the document line (*81000*) was debited in the line amount (Round ($\text{C\$}350.00 * 0.78907914$) = $\$276.18$).

Step 3: Applying a Payment in the Same Foreign Currency to the Bill

To apply a payment in the same foreign currency to the bill, do the following:

1. While you are still on the [Bills and Adjustments](#) (AP301000) form with the bill opened, on the form toolbar, click **Pay**. The [Checks and Payments](#) (AP302000) form opens.
2. In the Summary area of this form, specify the following settings:
 - **Application Date:** *1/30/2021*
 - **Application Period:** *01-2021*

The payment is created in *CAD*, because the cash account denominated in *CAD* is specified as the default payment account for the vendor.

3. Click **View Base** (right of the **Currency** box), and review the payment in the base currency. The payment amount in *USD* is \$273.95 (C\$350 * 0.7827176, which is the *CAD-to-USD* exchange rate that was effective on the payment date 1/30/2021).
4. On the form toolbar, click **Remove Hold**.
5. On the form toolbar, click **Release** to release the payment.
6. On the **Financial Details** tab, click the **Batch Nbr.** link.
7. On the *Journal Transactions* (GL301000) form, which opens, review the generated GL transaction in the document currency (*CAD*) and in the base currency (*USD*).

When the payment was released, the following actions were performed in the system:

- The checking account specified in the payment (10215) was credited in the payment amount, which the system converted to the base currency by using the payment rate as follows: \$273.95 = Round (C\$350 * 0.7827176).
- The Accounts Payable account specified in the bill (20000) was debited in the payment amount applied to the bill; the system converted the payment amount to the base currency by using the rate specified in the bill (\$276.18 = Round (C\$350 * 0.78907914)).
- The realized gain account of the document currency (42010), which you specified when you defined the currency in *Multicurrency Functionality: Implementation Activity*, was credited in the amount of the realized gain, which is the result of the difference between the rates specified in the bill and in the payment. The payment rate is less than the bill rate, so the result of applying the payment is a gain in the amount of \$2.23 (\$276.18 – \$273.95).

AP Bills in Foreign Currencies: Related Reports and Form

In the following sections, you can find details about the reports and form you may want to review to gather information about vendor balances.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing Vendor Balances in a Foreign Currency

You can review a vendor's balance broken down by document and the current balance in both the base currency and in a foreign currency on the *Vendor Details* (AP402000) form. The inquiry form shows document amounts in the foreign currency, the same amounts recalculated to the base currency, and the realized gains and losses.

Reviewing AP Balance by Vendor in a Foreign Currency

You can review the outstanding foreign currency balance of a particular vendor or all vendors for a selected period by running the *AP Balance by Vendor MC* (AP633000) report.

Reviewing Outstanding Vendor Balances

To review the list of vendors with outstanding multicurrency balances, you can use the *AP Coming Due MC* (AP631600) form. The report shows overdue balances and the balances that are not overdue, arranged by days outstanding.

Lesson 3.5: Applying Debit Adjustments in Foreign Currencies to Bills

Debit Adjustments in Foreign Currencies: General Information

In Acumatica ERP, once an AP document has been released, it cannot be edited or deleted; to correct it, you can issue an adjustment. Debit adjustments decrease the accounts payable balance of a vendor.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create a debit adjustment in a foreign currency
- Apply a payment and the debit adjustment to a bill in a foreign currency

Applicable Scenarios

You create a debit adjustment in a foreign currency in the following cases:

- You need to adjust the balance of a released multicurrency bill.
- You need to decrease the amount your company owes to a vendor.

Processing of a Debit Adjustment

You can enter a debit adjustment by using the *Bills and Adjustments* (AP301000) form. The summary of a debit adjustment includes information about the vendor, the vendor location, and the currency used for the transaction.

Generally, a debit adjustment is not linked to a bill or other document that it is related to. In the Summary area of the form, you may include the reference number of the original document (bill or prepayment) in the description of the adjustment and the reference number of the related vendor document in the **Vendor Reference** box.

Released debit adjustments appear on the *Checks and Payments* (AP302000) form and can be applied against credit adjustments and bills.

Application of RGOL Amounts to Bills

A realized gain or loss (RGOL) is calculated when a debit adjustment in a foreign currency is applied to an AP document. The system compares the exchange rate of the document to the exchange rate on the date of settlement and calculates the realized gain or loss. When a debit adjustment is applied to a document, the RGOL amount is processed by the system as follows:

- If the calculated RGOL amount is negative, meaning that the application of the payment produces a gain, the realized gain account associated with the bill currency is credited in the amount of $(-1)^*$ RGOL.

- If the calculated RGOL amount is positive, meaning that the application of the payment produces a loss, the realized loss account associated with the bill currency is debited in the amount of the calculated RGOL.

Debit Adjustments in Foreign Currencies: Generated Transactions

To be able to decrease vendor balances in foreign currencies, you create and process debit adjustments. To update vendor balances, the system generates the GL transactions described in the following sections.

Transaction Generated for a Debit Adjustment

When you create and release a debit adjustment, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Accounts Payable	AP	Amount	0.00
Expense		0.00	Amount

You can view the reference number of the GL batch on the **Financial Details** tab of the [Bills and Adjustments](#) (AP301000) form.

Transactions Generated for a Debit Adjustment Application Producing RGOL

When you release a debit adjustment application to a bill in a foreign currency, the difference in currency rates can produce realized gain or loss (RGOL).

The following GL transaction is generated if the application produced a realized gain.

Account	Debit	Credit
Accounts Payable	Gain amount	0.00
Realized Gain (currency)	0.00	Gain amount

The following GL transaction is generated if the application produced a realized loss.

Account	Debit	Credit
Accounts Payable	0.00	Loss amount
Realized Loss (currency)	Loss amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the [Checks and Payments](#) (AP302000) form.

Debit Adjustments in Foreign Currencies: Process Activity

The following activity will walk you through the process of applying a debit adjustment to an AP bill.

Story

Suppose that on January 15, 2021, SweetLife Fruits & Jams purchased additional services from the MapleLeaf Co. vendor in the amount of 100 Canadian dollars (C\$100). On January 30, SweetLife received a C\$5 credit memo from MapleLeaf to reduce the cost of the purchased services. SweetLife agreed with the vendor to pay half of the bill amount on February 10.

Acting as a SweetLife accountant, you need to apply this payment and the debit adjustment to the bill.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the 20000 (*Accounts Payable*), 42010 (*Realized Gain CAD*), 81000 (*Other Expenses*), 82010 (*Realized Loss CAD*), and 83100 (*Rounding Gain/Loss*) accounts have been created.

On the [Vendors](#) (AP303000) form, the MapleLeaf vendor has been created and prepared for multicurrency bill processing.

Process Overview

In this activity, on the [Bills and Adjustments](#) (AP301000) form, you will create and release a bill in the *CAD* currency, and then you will create and release a debit adjustment. On the [Checks and Payments](#) (AP302000) form, you will create a payment in *CAD* and apply the bill and the debit adjustment to this payment to partially pay the bill. Finally, on the [Journal Transactions](#) (GL301000) form, you will review the GL transaction generated by the system on release of the payment and the applications.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:

- Username: *johson*
- Password: *123*



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/15/2021*. If a different date is displayed, click the Business Date menu button, and select *1/15/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not

selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Creating and Releasing a Bill

To create and release a bill, do the following:

1. Open the *Bills and Adjustments* (AP301000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Bill*
 - **Vendor:** *MAPLELEAF*
 - **Currency:** *CAD* (inserted automatically when you selected the vendor; cannot be overridden based on your changes to the settings of the *MAPLELEAF* vendor in *AP Bills in Foreign Currencies: Process Activity*)
 - **Date:** *1/15/2021*
 - **Post Period:** *01-2021*
 - **Description:** Additional services 01-2021
3. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Additional services 01-2021
 - **Ext. Cost:** 100
4. On the form toolbar, click **Save** to save your changes.

The bill is created with a currency rate of 0.78419072, which is the rate that was effective on the document date.

5. On the form toolbar, click **Remove Hold**.
6. On the form toolbar, click **Release** to release the bill.

Step 2: Creating a Debit Adjustment

To create a debit adjustment, do the following:

1. While you are still on the *Bills and Adjustments* (AP301000) form, click **Add New Record** on the form toolbar, and specify the following settings in the Summary area:
 - **Type:** *Debit Adj.*
 - **Vendor:** *MAPLELEAF*
 - **Currency:** *CAD* (inserted automatically when you selected the vendor; cannot be overridden)
 - **Date:** *1/30/2021*
 - **Post Period:** *01-2021*

- **Description:** Discount on services
2. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Discount on services
 - **Ext. Cost:** 5
 3. On the form toolbar, click **Save** to save your changes.

The currency rate specified for the debit adjustment is 0.7827176, which is the effective rate on the document date. The bill to which you are going to apply the debit adjustment was created with a currency rate of 0.78419072. When you apply the debit adjustment to the bill, the operation will produce a realized gain, which is due to the difference of the currency rates.

4. On the form toolbar, click **Remove Hold**.
5. On the form toolbar, click **Release** to release the debit adjustment.
6. On the **Financial Details** tab, click the **Batch Nbr.** link.
7. On the [Journal Transactions](#) (GL301000) form, which opens, review the generated transaction in the base currency (*USD*).

When the debit adjustment was released, the following actions were performed in the system:

- The AP account of the vendor (20000) was debited in the debit adjustment amount, which the system converted to the base currency by using the document rate (\$3.91 = Round (C\$5.00 * 0.7827176)) to decrease the vendor balance.
- The Expenses account of the vendor (81000) was credited in the debit adjustment amount (\$3.91 = Round (C\$5.00 * 0.7827176)).

Step 3: Creating a Payment; Applying the Payment and the Debit Adjustment to the Bill

To create a payment and to apply it and the debit adjustment to the bill, do the following:

1. Open the [Checks and Payments](#) (AP302000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Check*
 - **Vendor:** MAPLELEAF
 - **Payment Method:** *WIRE* (inserted automatically when you select the vendor)
 - **Cash Account:** *10215WH (Checking Account CAD)*
 - **Currency:** *CAD* (inserted automatically when you select the cash account)
 - **Application Date:** *2/10/2021*
 - **Application Period:** *02-2021*

- **Description:** Partial payment on additional services
- **Payment Amount:** 45.00

The payment is created with a currency rate of 0.78758762, which is the effective rate on the payment date.

3. On the toolbar of the **Documents to Apply** tab, click **Load Documents**.

The bill and debit adjustment that you have prepared earlier appear in the table. For the debit adjustment in the table, when you specify the **Amount Paid**, the payment balance available for application increases by this amount.

4. On the form toolbar, click **Remove Hold**.

5. On the form toolbar, click **Release** to release the payment and the applications.

6. Review the **Application History** tab.

On release of the payment and the applications, the system generated a GL batch that includes the transactions produced by the payment and its applications. The reference number (which is a link) to the generated transaction is shown in the **Batch Number** column.

7. Click the link in the **Batch Number** column.

8. On the *Journal Transactions* (GL301000) form, which opens, review the generated transaction in the base currency (*USD*).

When the payment and applications were released, the following actions were performed in the system:

- The checking account specified in the payment (*10215*, which you created in *Multicurrency Functionality: Implementation Activity*) was credited in the amount of the payment ($\$35.44 = \text{Round}(\text{C\$}45.00 * 0.78758762)$).
- The AP account specified in both the bill and the debit adjustment (*20000*) was debited in the amount deducted from SweetLife's liability to the vendor. This amount is the difference between the debit adjustment amount and the amount to which the bill balance is decreased: ($\$35.30 = \text{Round}(-\text{C\$}5.00 * 0.7827176) + \text{Round}(\text{C\$}50.00 * 0.78419072)$).
- The realized gain was credited to the realized gain account of the currency (*42010*) associated with the bill. You specified this account when you defined the currency in *Multicurrency Functionality: Implementation Activity*. The system calculated the gain amount as the difference between the application amount converted to the base currency by using the exchange rate of the debit adjustment and the application amount converted to the base currency by using the exchange rate of the payment: ($-\$0.03 = \text{Round}(\text{C\$}5 * 0.7827176) - \text{Round}(\text{C\$}5 * 0.78758762)$).
- The realized loss was debited to the realized loss account of the currency (*82010*, which you specified when you defined the currency in *Multicurrency Functionality: Implementation Activity*) associated with the debit adjustment. The system calculated the loss amount as the difference between the application amount converted to the base currency by using the exchange rate of the payment and the application amount converted to the base currency by using the exchange rate of the bill ($\$0.17 = \text{Round}(\text{C\$}50 * 0.78758762) - \text{Round}(\text{C\$}50 * 0.78419072)$).

Debit Adjustments in Foreign Currencies: Related Reports

In the following sections, you can find details about the reports you may want to review to gather information about vendor balances affected by debit adjustment application.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing a Vendor's Balance in the Base Currency

You can review the outstanding base currency balance of a particular vendor, including a debit adjustment application and the produced RGOL by running the [AP Balance by Vendor](#) (AP632500) report.

Reviewing AP Balance by Vendor in a Foreign Currency

You can review the outstanding foreign currency balance of a particular vendor or all vendors for a selected period by running the [AP Balance by Vendor MC](#) (AP633000) report.

Lesson 3.6: Paying Bills in Foreign Currencies by Using Other Currencies

Multicurrency Payment of Bills: General Information

In Acumatica ERP, you can apply payments created in one currency to documents created in another currency, and payments created in the base currency to documents created in a foreign currency.

Learning Objectives

In this chapter, you will learn how to do the following:

- Create a bill in a foreign currency and a payment for it in the base currency
- Create a bill in a foreign currency and a payment for it in another foreign currency
- Review and analyze how the system applies payments to bills when the currency of the payment differs from the currency of the bill
- Override the cross rate used in the payment

Applicable Scenarios

You process a bill in a foreign currency in the following cases:

- You have created a bill in a foreign currency, but your company's cash account in this currency does not have enough funds for payment. In this case, you can pay the bill in the base currency.
- You have created a bill in a foreign currency, but your company's cash account in the base currency does not have enough funds for payment. In this case, you can pay the bill in another foreign currency.

Application of a Cross Rate

When the system applies the payment, if the currency of the document differs from the currency of the payment, the system uses a *cross rate* to calculate the amount of the invoice that is being paid. The cross rate determines how to convert the amount paid in the payment currency to the invoice currency.

By default, the cross rate is calculated as the effective rate of the invoice currency on the payment date divided by the payment rate. The default cross rate can be overridden in the payments that are applied to the invoices in the foreign currency.



You cannot override the cross rate of payment application to the documents in the base currency because realized gain or loss (RGOL) is not calculated for these documents.

Calculation and Application of RGOL

When the payment is applied to an AP bill, and the payment and the bill are in different currencies, the system calculates realized gain or loss (RGOL) in the base currency by using the following formula:

```
RGOL Amount = Round (Payment Amount * Payment Rate) - Round (Payment Amount Converted * Bill Rate)
```

where Payment Amount Converted = Round (Payment Amount / Cross Rate)

That is, the realized gain or loss is calculated as the payment amount in the base currency minus the part of the bill that is being paid, which the system has converted to the base currency.

To get the amount of the bill that is being paid, the system has to convert the payment amount into the base currency by using the payment rate, and then into the bill currency by using the rate of the bill currency that was effective on the payment date. That is, to convert the payment amount into the bill currency, the system divides the payment amount by the cross rate. When the payment is applied, the balance of the bill is reduced by the payment amount converted into the base currency.

The RGOL amount calculated when a payment is applied to a bill is processed as follows:

- If the calculated RGOL amount is negative, meaning that the application of the payment produces a gain, the realized gain account associated with the bill currency is credited in the amount of $(-1) * \text{RGOL}$.
- If the calculated RGOL amount is positive, meaning that the application of the payment produces a loss, the realized loss account associated with the bill currency is debited in the amount of the calculated RGOL.

Multicurrency Payment of Bills: Generated Transactions

To be able to pay an AP bill in a foreign currency by using the base currency or another foreign currency, you create and process a bill and a payment. To update vendor balances, the system generates the GL transactions described in the following sections.

Transaction Generated for an AP Bill

When you create and release a one-line AP bill, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Accounts Payable	AP	0.00	Amount

Account	Source of Account	Debit	Credit
Expense		Amount	0.00

You can view the reference number of the GL batch on the **Financial Details** tab of the *Bills and Adjustments* (AP301000) form.

Transactions Generated for a Bill Payment

When you create and release a payment in a foreign currency for a bill in the base currency, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Cash		0.00	Amount
Accounts Payable	AP	Amount	0.00
Realized Gain/Loss (bill currency)		Realized loss amount	Realized gain amount

When you create and release a payment in a foreign currency for a bill in another foreign currency, the system generates the following GL transaction.

Account	Source of Account	Debit	Credit
Cash		0.00	Amount
Accounts Payable	AP	Amount	0.00
Realized Gain/Loss (payment currency)		Realized loss amount	Realized gain amount

Multicurrency Payment of Bills: To Pay a Foreign Currency Bill by Using the Base Currency

The following activity will walk you through the process of paying a bill in a foreign currency by using the base currency.

Story

Suppose that on January 16, 2021, SweetLife Fruits & Jams purchased transport services from Big Green Trucks Ltd. in the amount of 450 in Canadian dollars (C\$450). The chief accountant of SweetLife decided to pay the bill from the company's 10200WH account, which is in *USD*, because there were not enough funds in the account in *CAD* (which is a foreign currency of the company). SweetLife agreed with the vendor to pay the bill in *USD* at the 0.796 exchange rate (1 USD = 1.256 CAD), so that the payment amount of \$358.20 would pay the bill in full. On January 30, 2021, SweetLife paid the bill in *USD* (which is the company's base currency).

Acting as a SweetLife accountant, you need to process the bill in *CAD* and pay it in *USD*.

Before you perform these actions, you will make changes to the Big Green Trucks Ltd. vendor's settings so that bill processing can be performed in line with its currency-related preferences.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *10200 (Company Checking Account)*, *20000 (Accounts Payable)*, and *82010 (Realized Loss CAD)* accounts have been created.

On the [Vendors](#) (AP303000) form, the Big Green Trucks vendor has been created.

Process Overview

Before processing a bill in a foreign currency, you will update the vendor's currency-related settings on the [Vendors](#) (AP303000) form. On the [Bills and Adjustments](#) (AP301000) form, you will create and release a bill in *CAD*. On the [Checks and Payments](#) (AP302000) form, you will create a payment in *USD* and apply it to the bill to pay it in full. Finally, you will review the GL transaction generated by the system on the [Journal Transactions](#) (GL301000) form.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*

 You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/16/2021*. If a different date is displayed, click the Business Date menu button, and select *1/16/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Updating the Vendor's Settings

To update the currency-related settings of the vendor (which has been preconfigured in the U100 dataset) in preparation for multicurrency bill processing, do the following:

1. Open the [Vendors](#) (AP303000) form.
2. In the **Vendor ID** box, select *GREENTRUCK*.

3. On the **Financial** tab (**Financial Settings** section), specify the following settings:

- **Currency ID:** CAD

This is the primary currency to be inserted in bills and adjustments to this vendor.

- **Curr. Rate Type:** SPOT

This setting specifies the currency rate type to be used for the vendor.

4. On the **Payment** tab (**Default Payment Settings** section), in the **Payment Method** box, select **WIRE**.

5. On the form toolbar, click **Save** to save your changes.

Step 2: Creating and Releasing a Bill

To create and release a bill in the *CAD* currency, do the following:

1. Open the *Bills and Adjustments* (AP301000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** Bill
 - **Vendor:** GREENTRUCK
 - **Currency:** CAD (inserted automatically when you selected the vendor; cannot be overridden in the bill)
 - **Date:** 1/16/2021
 - **Post Period:** 01-2021
 - **Description:** Transport services 01-2021
3. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Transport services 01-2021
 - **Ext. Cost:** 450
4. In the Summary area, click **View Base** (right of the **Currency** box), and review the bill in the base currency. The **Detail Total** in *USD* is \$352.89 (C\$450 * 0.78419072, which is the currency rate that was effective on the document date).
5. On the form toolbar, click **Remove Hold**.
6. On the form toolbar, click **Release** to release the bill.
7. On the **Financial Details** tab, click the **Batch Nbr.** link.
8. On the *Journal Transactions* (GL301000) form, which opens, review the generated transaction in the base currency (*USD*).

When the bill was released, the following actions were performed in the system:

- The AP account of the vendor (20000) was credited in the total bill amount, which the system converted to the base currency by using the document exchange rate (\$352.89 = Round (C\$450 * 0.78419072)).
- The Expense account specified in the bill (81000) was debited in the line amount, which the system converted to the base currency by using the document exchange rate (\$352.89 = Round (C\$450 * 0.78419072)).

Step 3: Creating a Payment for the Bill

To create a payment for the bill, do the following:

1. Click the Business Date menu button, and select 1/30/2021 from the calendar.
2. Open the *Checks and Payments* (AP302000) form.
3. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** *Check*
 - **Vendor:** GREENTRUCK
 - **Payment Method:** WIRE (inserted automatically when you selected the vendor)
 - **Cash Account:** 10200WH (*Wholesale Checking*)
 - **Currency:** USD (inserted automatically based on the selected cash account)
 - **Application Date:** 1/30/2021
 - **Application Period:** 01-2021
 - **Description:** Transport services 01-2021
 - **Payment Amount:** 358.20
4. On the table toolbar of the **Documents To Apply** tab, click **Load Documents**. The bill dated 1/16/2021 appears in the table.

The payment is in the base currency because the specified cash account is maintained in the base currency. The amount to be applied to the selected document is currently \$352.22 (C\$450 * 0.7827176), which is the CAD-to-USD exchange rate that was effective on 1/16/2021. The system uses this rate as the default cross rate between the currency of the payment (USD) and currency of the bill (CAD).

When the payment is applied to the bill, the bill will be fully paid, and its **Balance** will be equal to *0.00*, while the payment will still have an open balance in the amount of \$6.06. To close both the bill and the payment, you need to set the appropriate cross rate (0.796). After that, both the **Balance** of the bill and the **Unapplied Balance** of the payment will be *0.00* in both currencies.

5. In the table, enter 0.796 in the **Cross Rate** column to use this rate in the payment application. Now the amount in the base currency that will be applied to the bill (**Amount Paid**) is equal to the **Payment Amount**.
6. On the form toolbar, click **Remove Hold**.

7. On the form toolbar, click **Release** to release the payment.
8. On the **Financial Details** tab, click the **Batch Nbr.** link.
9. On the [Journal Transactions](#) (GL301000) form, which opens, review the generated transaction.

When the payment was released, the following actions were performed in the system:

- The checking account specified in the payment (*10200*) was credited in the amount of the payment (\$358.20).
- The Accounts Payable account specified in the bill (*20000*) was debited in the total amount of the bill, which is the payment amount divided by the cross rate and multiplied by the bill rate, (\$352.89 = Round (\$358.20 / 0.796 * 0.78419072)), to decrease the vendor's outstanding balance and close the bill.
- The realized loss account of the bill currency (*82010*), which you specified when you defined the *CAD* currency in [Multicurrency Functionality: Implementation Activity](#)) was debited in the amount of the realized loss, which is the amount of the payment in the base currency minus the original amount of the bill in the base currency (\$5.31 = \$358.20 – \$352.89).

Multicurrency Payment of Bills: To Pay a Foreign Currency Bill by Using Another Currency

The following activity will walk you through the process of paying a bill in a foreign currency by using another foreign currency.

Story

Suppose that on January 17, 2021, SweetLife Fruits & Jams purchased consulting services from Big Green Trucks Ltd. in the amount of 220 euros (€220). (*EUR* is a foreign currency of the company.) On January 30, SweetLife agreed with the vendor to pay half of the bill in *CAD* (which is the other foreign currency of the company) by using the 1.50 exchange rate (1 EUR = 1.50 CAD), so that the partial payment amount would be C\$165.

Acting as a SweetLife accountant, you need to process the bill in *EUR*, partially pay it with a payment in *CAD*, and then print a multicurrency report. Before you perform these actions, you will make changes to the Big Green Trucks Ltd. vendor's currency-related settings, which you initially specified in [Multicurrency Payment of Bills: To Pay a Foreign Currency Bill by Using the Base Currency](#), to allow the vendor's preferred currency to be overridden.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *20000 (Accounts Payable)*, *83000 (Realized Gain/Loss Currency)* accounts have been created.

On the [Vendors](#) (AP303000) form, the Big Green Trucks vendor has been created and prepared for multicurrency bill processing.

Process Overview

In this activity, [Vendors](#) (AP303000) form, you will update the currency-related settings of the vendor to prepare it for bill processing. On the [Bills and Adjustments](#) (AP301000) form, you will create and release a bill in *EUR*. On the [Checks and Payments](#) (AP302000) form, you will partially pay the bill in *CAD*, and review the generated GL transaction on the [Journal Transactions](#) (GL301000) form. On the [Bills and Adjustments](#) form, you will review the balance of the partially paid bill. Finally, you will run the [AP Balance by Vendor MC](#) (AP633000) report to review the outstanding balances of vendors.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the *johson* login and *123* password.



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, make sure that the business date in your system is set to *1/17/2021*. If a different date is displayed, click the Business Date menu button, and select *1/17/2021* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Updating the Vendor's Settings

To update the vendor's currency-related settings (which you updated in [Multicurrency Payment of Bills: To Pay a Foreign Currency Bill by Using the Base Currency](#)) to make it possible to process a bill in *EUR*, do the following:

1. Open the [Vendors](#) (AP303000) form.
2. In the **Vendor ID** box, select *GREENTRUCK*.
3. On the **Financial** tab (**Financial Settings** section), make sure that *CAD* is selected in the **Currency ID** box. This is still the vendor's preferred currency.
4. Select the **Enable Currency Override** check box. With this change, although *CAD* will still be initially inserted into bills and adjustments of the vendor, the currency can be overridden (as it will be in this activity to *EUR*).
5. On the form toolbar, click **Save** to save your changes.

Step 2: Creating and Releasing a Bill

To create and release a bill in the *EUR* currency, do the following:

1. Open the [Bills and Adjustments](#) (AP301000) form.

2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** Bill
 - **Vendor:** GREENTRUCK
 - **Currency:** EUR
 - **Date:** 1/17/2021 (inserted automatically)
 - **Post Period:** 01-2021 (inserted automatically)
 - **Description:** Consulting 01-2021
3. On the **Document Details** tab, click **Add Row**, and in the added row, specify the following settings:
 - **Transaction Descr.:** Consulting 01-2021
 - **Ext. Cost:** 220
4. In the Summary area, click **View Base** (right of the **Currency** box), and review the bill in the base currency. The **Detail Total** in USD is \$265.66 (Round (€220 * 1.20752967), where 1.20752967 is the current EUR exchange rate effective on the bill date). You cannot override the document rate, because the **Enable Rate Override** check box is cleared on the [Vendors](#) (AP303000) form for the vendor.
5. On the form toolbar, click **Remove Hold**.
6. On the form toolbar, click **Release** to release the bill.

Step 3: Creating a Partial Payment for the Bill

To create a partial payment for the bill, do the following:

1. Open the [Checks and Payments](#) (AP302000) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Type:** Check
 - **Vendor:** GREENTRUCK
 - **Payment Method:** WIRE (inserted automatically when you selected the vendor)
 - **Cash Account:** 10215WH (Checking Account CAD)
 - **Currency:** CAD (inserted automatically based on the selected cash account)
 - **Application Date:** 1/30/2021
 - **Application Period:** 01-2021
 - **Description:** Partial payment on consulting 01-2021
 - **Payment Amount:** 165

3. On the table toolbar of the **Documents to Apply** tab, click **Load Documents**. The bill dated 1/17/2021, which you created in Step 2, appears in the table.

The calculated cross rate from *CAD* to *EUR* is 1.55068680 ($1.2776 / 0.823893$, which is the *CAD* rate that was effective on the payment date divided by the *EUR* rate that was effective on the payment date). The amount to be paid in *EUR* is the **Amount Paid** divided by the **Cross Rate** and is currently €106.41 (Round (C\$165 / 1.5506868)).

4. Enter 1.50 in the **Cross Rate** column to change the cross rate to the one agreed on with the vendor, and enter 165.00 in the **Amount Paid** column. The **Balance** of the bill after payment will be €110.
5. On the form toolbar, click **Remove Hold**.
6. On the form toolbar, click **Release** to release the payment.
7. On the **Financial Details** tab, click the **Batch Nbr.** link.
8. On the *Journal Transactions* (GL301000) form, which opens, review the generated batch in the base currency.

When the payment was released, the following actions were performed in the system:

- The checking account specified in the payment (10215), which you created in *Multicurrency Functionality: Implementation Activity*) was credited in the amount of the payment, which the system converted to the base currency by using the payment rate ($\$129.15 = \text{Round} (\text{C\$165} * 0.7827176)$).
- The Accounts Payable account of the vendor (20000) was debited in the amount in the base currency deducted from the balance of the bill ($\$132.83 = \text{Round} (\text{Round} (\text{C\$165} / 1.5) * 1.20752967)$).
- The realized gain/loss account of the document currency (83000), which you specified when you defined the *EUR* currency in *Multicurrency Functionality: Implementation Activity*) was credited in the amount of the realized gain, which is the amount of the payment in the base currency minus the amount in the base currency deducted from the balance of the bill ($-\$3.68 = \$129.15 - \$132.83$).

Step 4: Reviewing the Bill Balance

To review the balance of the partially paid bill, do the following:

1. Open the *Bills and Adjustments* (AP301000) form.
2. Open the bill to which you have applied the payment and review the **Applications** tab.

The payment in *CAD* with the amount equivalent to €110.00 (C\$129.15) was applied to the bill. The open balance of the bill is €110.00; that is, half of the bill was paid with the payment.

Step 5: Printing a Multicurrency Report

To review the outstanding balance for the vendors and print a multicurrency report, do the following:

1. Open the *AP Balance by Vendor MC* (AP633000) form.
2. On the **Report Parameters** tab, specify the following parameters:

- **Report Format:** *Open + Current Period*
 - **Company/Branch:** *HEADOFFICE (SweetLife Head Office and Wholesale Center)* (inserted by default)
 - **Financial Period:** *01-2021* (inserted by default)
 - **Vendor:** Empty
 - **Include Applications:** Cleared
3. On the form toolbar, click **Run Report**.
4. Review the generated report.

The report lists all the documents processed in the *01-2021* period, along with the documents that are open at the end of the period; the documents are grouped by vendor. For each document, you can review the document balance in the document currency. Also, for each vendor, you can review the total of the documents in each currency at the end of the period.



In a production environment, you would click **Print** on the form toolbar to print the multicurrency report.

Part 4: Revaluation of Account Balances

In Part 4 of the course, you will learn how to revalue the account balances. In particular, you will perform revaluation of the following:

- Open AP documents
- Open AR documents
- A bank account in a foreign currency

Lesson 4.1: Revaluing Open AP Documents

Revaluation of AP Documents: General Information

If your company has vendors that use foreign currencies, you may process AP documents in foreign currencies and post transactions to the general ledger in foreign currencies. Because currency rates are changed over time, you may need to revalue denominated GL accounts and open AP documents.

Learning Objectives

In this chapter, you will learn how to do the following:

- Perform system setup for the revaluation of AP documents
- Revalue open AP documents

Applicable Scenarios

You perform the revaluation of open AP documents in the following cases:

- You want to calculate unrealized gains or losses.
- For reporting purposes, you need to determine the current value of AP documents in a foreign currency at the end of a financial period.

Rate Type Setup for Accounts Payable Revaluations

You specify the default rate types for AP revaluations in the **AP Revaluation Type** box on the [Currency Management Preferences](#) (CM101000) form.

You can assign a rate type to each particular vendor in the **Curr. Rate Type** box on the **Financial** tab of the [Vendors](#) (AP303000) form. If a rate type is assigned to a particular vendor, the system uses it for revaluations.

If the default rate type is not specified on the [Currency Management Preferences](#) form or for any vendor for which an account is selected for the revaluation, you will not be able to perform the revaluation.

Revaluation of Open Documents

If **On Post** is selected in the **Generate Reversing Entries** box on the [General Ledger Preferences](#) (GL102000) form, before you start the revaluation, you should ensure that the next financial period is active on the [Master Financial Calendar](#) (GL201000) form. This is because the revaluation batch is an

auto-reversing batch—that is, the system will automatically generate a reversing batch whose date is the first day of the next period.

You perform a revaluation of open AP documents on the [Revalue AP Accounts](#) (CM504000) form. On the form, you specify the period of revaluation, the date of revaluation, the foreign currency, and a description of the revaluation. You then select the particular accounts whose balances you want to revalue. For revaluation, the system uses the currency rate effective on the date of revaluation.

If needed, you can perform the AP revaluation more than once for the same period. Subsequent revaluation in the same period adjusts the results of the previous revaluation, and each revaluation generates an auto-reversing batch.

Revaluation Batches

After the revaluation is performed, the system creates a GL batch with the results of revaluation. The batch updates the unrealized gain (or loss) account specified for the currency with the calculated gain (or loss) amount. As the offset account, the system uses the AP provisioning account specified for the document currency. If the provisioning account is not specified for the currency for which you are performing the revaluation, the resulting unrealized gain or loss is posted directly to the vendor's AP account.

For details about generated GL batches, see [Revaluation of AP Documents: Generated Transactions](#).

Revaluation of AP Documents: Generated Transactions

When you perform revaluation of open AP documents, the system creates a revaluation batch with the results of the revaluation. This auto-reversing batch is automatically reversed on the date at the beginning of the next financial period.

The batch updates the unrealized gain or loss account specified for the currency with the calculated gain or loss amount on the [Currencies](#) (CM202000) form. The system calculates the difference between the revalued balance and the original balance in the **Difference** column for each account in the selected currency.

Revaluation gains and losses are included in the net income on the period-end reports.

Transactions Generated for Revaluation Loss

If the difference between the revalued balance and the original balance is positive, the revaluation has resulted in losses, and the system generates a batch that posts to the accounts shown in the following tables.

Depending on whether the provisioning account has been specified, the system generates either of the following batches.

Table: Revaluation Batch if the Provisioning Account Has Not Been Specified

Account	Debit	Credit
Accounts Payable	00.00	Amount
Unrealized Loss	Amount	00.00

Table: Revaluation Batch if the Provisioning Account Has Been Specified

Account	Debit	Credit
Accounts Payable Provisioning	00.00	Amount
Unrealized Loss	Amount	00.00

Transactions Generated for Revaluation Gains

If the difference between the revalued balance and the original balance is negative, the revaluation has resulted in gains, and the system generates a batch that posts to the accounts shown in the following tables.

Depending on whether the provisioning account has been specified, the system generates either of the following batches.

Table: Revaluation Batch if the Provisioning Account Has Not Been Specified

Account	Debit	Credit
Accounts Payable	Amount	00.00
Unrealized Loss	00.00	Amount

Table: Revaluation Batch if the Provisioning Account Has Been Specified

Account	Debit	Credit
Accounts Payable Provisioning	Amount	00.00
Unrealized Loss	00.00	Amount

Revaluation of AP Documents: Process Activity

The following activity will walk you through the process of performing the revaluation of open AP documents.

Story

Suppose that for reporting purposes, the accounting department of SweetLife Fruits & Jams has to revalue the open balances of vendors several times within each financial period. Acting as a SweetLife accountant, you need to revalue open AP documents and post the generated GL transactions for the 01-2021 financial period.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Vendor Classes](#) (AP201000) form, the *INTLCA (Canadian Vendors)* vendor class has been predefined.

On the [Vendors](#) (AP303000) form, the Big Green Trucks and MapleLeaf vendors have been predefined.

On the [Chart of Accounts](#) (GL202500) form, the *20000 (Accounts Payable)* and *84000 (Unrealized Gain/Loss Currency)* accounts have been created.

Process Overview

In this activity, on the [Currency Management Preferences](#) (CM101000) form, you will specify the currency management settings that are needed for the revaluation. You will then run the [Trial Balance Summary](#) (GL632000) report to review the AP balance before the revaluation and review the vendors' balances on the [Vendor Summary](#) (AP401000) form. On the [Revalue AP Accounts](#) (CM504000) form, you will perform revaluation first of open AP documents in the *EUR* currency, and then of open AP documents in the *CAD* currency.

After the revaluation, you will review the unrealized gains on the [AP Balance by GL Account](#) (AP632000) form. Finally, on the [Account Details](#) (GL404000) form, you will review the revaluation batches generated by the system.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Specifying the Needed Currency Management Settings

To specify the needed currency management settings for revaluation, do the following:

1. Open the [Currency Management Preferences](#) (CM101000) form.
2. On the form, specify the following settings:
 - **AP Revaluation Rate Type (Default Rate Types section): SPOT**
This setting specifies the rate type that the system will use for the revaluation of vendor balances.
 - **Automatically Post to GL on Release (Posting Settings section): Selected**
3. On the form toolbar, click **Save** to save your changes.

Step 2: Running the Trial Balance Summary Report

To review the balance of the *20000 (Accounts Payable)* account before the revaluation, do the following:

1. Open the *Trial Balance Summary* (GL632000) form.
2. On the **Report Parameters** tab, specify the following parameters:
 - **Company/Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted automatically)
 - **Ledger:** *ACTUAL*
 - **Financial Period:** *01-2021*
 - **Suppress Zero Balances:** Selected
3. On the form toolbar, click **Run Report**.
4. In the generated report, review the balance of the *20000 (Accounts Payable)* account before the revaluation.

Step 3: Reviewing the Vendors' Balances Before Revaluation

To review the balances of the vendors before revaluation, do the following:

1. Open the *Vendor Summary* (AP401000) form.
2. In the Selection area, specify the following settings:
 - **Period:** *01-2021*
 - **Vendor Class:** *INTLCA - Canadian Vendors*
 - **Split by Currency:** Selected
 - **Vendors with Balance Only:** Selected
3. Review the balances of the two listed vendors, *GREENTRUCK* and *MAPLELEAF*.

For the *GREENTRUCK* (*Big Green Trucks Ltd.*) vendor, the open balance at the end of the period is €110.00, which is \$132.83 in the base currency. For the *MAPLELEAF* (*MapleLeaf Ads Co.*) vendor, the open balance at the end of the period is C\$95.00, which is \$74.51 in the base currency.

Step 4: Performing Revaluation of AP Documents in EUR

To perform revaluation of open AP documents in the *EUR* currency, do the following:

1. Open the *Revalue AP Accounts* (CM504000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted by default)
 - **Fin. Period:** *01-2021*

- **Currency Effective Date:** 1/31/2021
- **Currency:** EUR
- **Description:** AP Revaluation 01-2021 EUR

For the only listed vendor, the columns of the table provide the following information.

- The **Foreign Currency Balance** column shows the outstanding balance of the vendor in the foreign currency (€110.00).
 - The **Original Balance** column shows the outstanding balance of the vendor in the base currency (\$132.83).
 - The **Currency Rate** column shows the rate that will be used for revaluation—that is, the rate of the *SPOT* type that was effective on the date of revaluation.
 - The **Revalued Balance** column shows the resulting balance after revaluation: \$133.51 = Round (€110.00 / 0.823893).
 - The **Difference** column shows the difference between the **Revalued Balance** and **Original Balance** values, which is the resulting unrealized gain (if the amount is negative) or loss (if the amount is positive). Currently, there is an unrealized loss in the amount of \$0.68 (\$133.51 – \$132.83).
3. In the table, select the unlabeled check box for the only row to select *GREENTRUCK (Big Green Trucks Ltd.)* for revaluation. The total amount of the unrealized gain or loss posted by the records selected in the table is shown in the **Revaluation Total** box in the Selection area of the form.
4. On the form toolbar, click **Revalue** to perform the revaluation.

The system revalues the balances of the open documents of the *GREENTRUCK* vendor based on the currency rate of the *SPOT* type effective on the date of revaluation. Then the system generates and posts the revaluation transaction, and opens it on the *Journal Transactions* (GL301000) form.

5. On this form, review the transaction that was generated on revaluation in the base currency. Notice that the **Auto-Reversing** check box in the Summary area is selected; the generated batch is auto-reversing, because revaluations are performed for reporting purposes. At the start of the next reporting period, the batch will be reversed automatically.

When the revaluation transaction was posted, the following actions were performed in the system:

- The AP account (20000) was credited in the amount of unrealized loss (\$0.68) to revalue the account balance.
- The Unrealized Gain/Loss Currency account specified for the *EUR* currency (84000), which you specified when you defined the *EUR* currency in *Multicurrency Functionality: Implementation Activity*) was debited in the amount of unrealized loss to record the revaluation.

Step 5: Performing Revaluation of AP Documents in CAD

To perform revaluation of open AP documents in the *CAD* currency, do the following:

1. Open the *Revalue AP Accounts* (CM504000) form.
2. In the Selection area, specify the following settings:

- **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted automatically)
 - **Fin. Period:** 01-2021
 - **Currency Effective Date:** 1/31/2021
 - **Currency:** CAD
 - **Description:** AP Revaluation 01-2021 CAD
3. In the table, select the unlabeled check box for the only row to select MAPLELEAF (*MapleLeaf Ads Co.*) for revaluation. The revaluation will produce an unrealized gain in the amount of \$0.15, which is also shown in the **Revaluation Total** box in the Selection area of the form.
4. On the form toolbar, click **Revalue** to perform the revaluation.
5. On the [Journal Transactions](#) (GL301000) form, which opens, review the revaluation transaction in the base currency.

Step 6: Reviewing the Unrealized Gains or Losses

To review the unrealized gains or losses for the vendor accounts and the Accounts Payable account, do the following:

1. Open the [AP Balance by GL Account](#) (AP632000) form.
2. On the **Report Parameters** tab, specify the following parameters:
 - **Report Format:** Open + Current Period
 - **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted automatically)
 - **Financial Period:** 01-2021
 - **Include Applications:** Cleared
3. On the form toolbar, click **Run Report**, and review the report.

For the *GREENTRUCK* (*Big Green Trucks Ltd.*) vendor, the report shows an unrealized loss in the amount of \$0.68. For the *MAPLELEAF* (*MapleLeaf Ads Co.*) vendor, the report shows an unrealized gain in the amount of \$0.15. The total unrealized loss for the Accounts Payable account is \$0.53 (\$0.68 – \$0.15).

Step 7: Reviewing the Revaluation Transactions

To review the revaluation transactions posted to the general ledger, do the following:

1. Open the [Account Summary](#) (GL401000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted automatically)
 - **Ledger:** ACTUAL

- **Period:** 01-2021
 - **Show Currency Details:** Cleared
3. Review the form and the balance of the Accounts Payable account.
 4. In the table, click the row with the *20000 (Accounts Payable)* account, and on the form toolbar, click **Account Details**.
 5. On the *Account Details* (GL404000) form, which opens, specify 02-2021 in the **To Period** box, and review the entries displayed in the table.

The table displays the revaluation batches, as well as the corresponding reversing batches, which are automatically generated at the start of the financial period after the period of revaluation. These batches offset each other, so the balance of the account becomes the same as it was before the revaluation.

Revaluation of AP Documents: Related Reports and Inquiry

In the following sections, you can find details about reports and an inquiry form you may want to review to gather information about revalued AP documents.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing a Vendor's Balance in a Foreign Currency

You can review the balance in a foreign currency and unrealized gains or losses for a vendor account for which you have performed revaluation of open AP documents by running the *AP Balance by Vendor MC* (AP633000) report.

Reviewing Unrealized Gains or Losses for a Customer Account

On the *Vendor Summary* (AP401000) form, you can review the unrealized gains or losses for a particular vendor for the specified financial period.

Lesson 4.2: Revaluing Open AR Documents

Revaluation of AR Documents: General Information

If your company has customers that use foreign currencies, you may process AR documents in foreign currencies and post transactions to the general ledger in foreign currencies. Because currency rates are changed over time, you may need to revalue denominated GL accounts and open AR documents.

Learning Objectives

In this chapter, you will learn how to do the following:

- Perform system setup for the revaluation of AR documents
- Revalue open AR documents

Applicable Scenarios

You perform the revaluation of open AR documents in the following cases:

- You want to calculate unrealized gains or losses.
- For reporting purposes, you need to determine the current value of AR documents in a foreign currency at the end of a financial period.

Rate Type Setup for Accounts Receivable Revaluations

You specify the default rate types for AR revaluations in the **AR Revaluation Type** box on the [Currency Management Preferences](#) (CM101000) form.

You can assign a rate type to each particular customer in the **Curr. Rate Type** box on the **Financial** tab of the [Customers](#) (AR303000) form. If a rate type is assigned to a particular customer, the system uses it for revaluations.

If the default rate type is not specified on the [Currency Management Preferences](#) form or for any customer for which an account is selected for the revaluation, you will not be able to perform the revaluation.

Revaluation of Open Documents

If **On Post** is selected in the **Generate Reversing Entries** box on the [General Ledger Preferences](#) (GL102000) form, before you start the revaluation, you should ensure that the next financial period is active on the [Master Financial Calendar](#) (GL201000) form. This is because the revaluation batch is an auto-reversing batch—that is, the system will automatically generate a reversing batch whose date is the first day of the next period.

You perform a revaluation of open AR documents on the [Revalue AR Accounts](#) (CM505000) form. On the form, you specify the period of revaluation, the date of revaluation, the foreign currency, and a description of the revaluation. You then select the particular accounts whose balances you want to revalue. For revaluation, the system uses the currency rate effective on the date of revaluation.

If needed, you can perform the revaluation of AR accounts more than once for the same period. Subsequent revaluation in the same period adjusts the results of the previous revaluation, and each revaluation generates an auto-reversing batch.

Revaluation Batches

When an AR revaluation is performed, the system creates a GL batch with the results of the revaluation. The batch updates the unrealized gain (or loss) account specified for the currency with the calculated gain (or loss) amount on the [Currencies](#) (CM202000) form. The system calculates the difference between the revalued balance and the original balance in the **Difference** column for each account in the selected currency. If the difference is positive, the revaluation has resulted in gains, and if the difference is negative, the revaluation has resulted in losses.

As the offset account, the system uses the AR provisioning account specified for the document currency. If the provisioning account is not specified for the currency for which you are performing the revaluation, the resulting unrealized gain or loss is posted directly to the customer's AR account. For details about generated GL batches, see [Revaluation of AR Documents: Generated Transactions](#).

Revaluation of AR Documents: Generated Transactions

When you perform a revaluation of open AR documents, the system creates a revaluation batch with the results of the revaluation. This auto-reversing batch is automatically reversed on the date at the beginning of the next financial period.

The batch updates the unrealized gain or loss account specified for the currency with the calculated gain or loss amount on the [Currencies](#) (CM202000) form. The system calculates the difference between the revalued balance and the original balance in the **Difference** column for each account in the selected currency.

Revaluation gains and losses are included in the net income on the period-end reports.

Transactions Generated for Revaluation Loss

If the difference between the revalued balance and the original balance is negative, the revaluation has resulted in losses, and the system generates a batch that posts to the accounts shown in the following tables.

Depending on whether the provisioning account has been specified, the system generates either of the following batches.

Table: Revaluation Batch if the Provisioning Account Has Not Been Specified

Account	Debit	Credit
Accounts Receivable	00.00	Amount
Unrealized Loss	Amount	00.00

Table: Revaluation Batch if the Provisioning Account Has Been Specified

Account	Debit	Credit
Accounts Receivable Provisioning	00.00	Amount
Unrealized Loss	Amount	00.00

Transactions Generated for Revaluation Gains

If the difference between the revalued balance and the original balance is positive, the revaluation has resulted in gains, and the system generates a batch that posts to the accounts shown in the following tables.

Depending on whether the provisioning account has been specified, the system generates either of the following batches.

Table: Revaluation Batch if the Provisioning Account Has Not Been Specified

Account	Debit	Credit
Accounts Receivable	Amount	00.00
Unrealized Gain	00.00	Amount

Table: Revaluation Batch if the Provisioning Account Has Been Specified

Account	Debit	Credit
Accounts Receivable Provisioning	Amount	00.00
Unrealized Gain	00.00	Amount

Revaluation of AR Documents: Process Activity

The following activity will walk you through the process of performing the revaluation of open AR documents.

Story

Suppose that for reporting purposes, the accounting department of SweetLife Fruits & Jams has to revalue the open balances of customers several times within each financial period. Acting as a SweetLife accountant, you need to revalue open AR documents and post the generated GL transactions for the *01-2021* financial period.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *11500 (AR Provisioning)*, *11000 (Accounts Receivable)*, and *84000 (Unrealized Gain/Loss Currency)* accounts have been created.

Process Overview

In this activity, on the [Currency Management Preferences](#) (CM101000) form, you will specify currency management settings that are needed for the revaluation, and on the [Currencies](#) (CM202000) form, you will specify the AR Provisioning account for *CAD*. You will then run the [Trial Balance Summary](#) (GL632000) report to review the Accounts Receivable balance before the revaluation. On the [Revalue AR Accounts](#) (CM505000) form, you will perform revaluation first of open AR documents in the *EUR* currency, and then of open AR documents in the *CAD* currency.

After the revaluation, you will review the balance of the Accounts Receivable and AR Provisioning accounts on the [Account Summary](#)(GL401000) form, and then review revaluation batches on the [Account Details](#) (GL404000) form.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*

- Password: 123



You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.

2. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Specifying the Settings Needed for the Revaluation

To specify the settings needed for the revaluation, do the following:

1. Open the [Currency Management Preferences](#) (CM101000) form.
2. On the form, specify the following settings:
 - **AR Revaluation Rate Type (Default Rate Types** section): *SPOT*

This setting specifies the rate type that the system will use for the revaluation of customer balances.

 - **Automatically Post to GL on Release (Posting Settings** section): Selected
3. On the form toolbar, click **Save** to save your changes.
4. Open the [Currencies](#) (CM202000) form.
5. In the **Currency ID** box, select *CAD*. You defined this currency in the system in [Multicurrency Functionality: Implementation Activity](#).
6. In the **AR Provisioning Account** box on the **GL Accounts** tab, select *11500 (AR Provisioning)*.
7. On the form toolbar, click **Save** to save your changes.

Step 2: Running the Trial Balance Summary Report

To review the balance of the *11000 (Accounts Receivable)* account before the revaluation, do the following:

1. Open the [Trial Balance Summary](#) (GL632000) form.
2. On the **Report Parameters** tab, specify the following parameters:
 - **Company/Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted automatically)
 - **Ledger:** *ACTUAL*
 - **Financial Period:** *01-2021*
 - **Suppress Zero Balances:** Selected
3. On the form toolbar, click **Run Report**.

4. In the generated report, review the balance of the *11000 (Accounts Receivable)* account before the revaluation.

Step 3: Performing Revaluation of AR Documents in EUR

To perform revaluation of open AR documents in the *EUR* currency, do the following:

1. Open the [Revalue AR Accounts](#) (CM505000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted by default)
 - **Fin. Period:** *01-2021*
 - **Currency Effective Date:** *1/31/2021*
 - **Currency:** *EUR*
 - **Description:** *AR Revaluation 01-2021 EUR*

The table in the bottom part of the form shows for which customer and which account there are open balances in the specified currency at the end of the selected period.

3. In the table, select the unlabeled check box for the only row to select *EASYDINER (EasyDiner Co.)* for revaluation. The total amount of unrealized loss posted by the records selected in the table is shown in the **Revaluation Total** box in the Selection area of the form.
4. On the form toolbar, click **Revalue** to perform the revaluation.

The system revalues the balances of the open documents of the *EASYDINER* customer based on the currency rate of the *SPOT* type effective on the date of revaluation. Then the system generates and posts the revaluation transaction, and opens it on the [Journal Transactions](#) (GL301000) form.

5. On this form, review the transaction that was generated on revaluation in the base currency. Notice that the **Auto-Reversing** check box in the Summary area is selected; the generated batch is auto-reversing, because revaluations are performed for reporting purposes. At the start of the next reporting period, the batch will be reversed automatically.

When the revaluation transaction was automatically posted, the following actions were performed in the system:

- The AR account (*11000*) was credited in the amount of unrealized loss (\$0.07) to revalue the account balance.
- The Unrealized Gain/Loss Currency account specified for the *EUR* currency (*84000*), which you specified when you defined the *EUR* currency in [Multicurrency Functionality: Implementation Activity](#) was debited in the amount of the unrealized loss to record the revaluation.

Step 4: Performing Revaluation of AR Documents in CAD

To perform revaluation of open AR documents in the *CAD* currency, do the following:

1. Open the [Revalue AR Accounts](#) (CM505000) form.
2. In the Selection area, specify the following settings:

- **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted by default)
- **Fin. Period:** 01-2021
- **Currency Effective Date:** 1/29/2021
- **Currency:** CAD
- **Description:** AR Revaluation 01-2021 CAD

For the only listed customer, the columns of the table provide the following information:

- The **Foreign Currency Balance** column shows the outstanding balance of the customer in the foreign currency (C\$200).
 - The **Original Balance** column shows the outstanding balance of the customer in the base currency (\$156.54).
 - The **Currency Rate** column shows the rate that will be used for revaluation (1.275200).
 - The **Revalued Balance** column shows the resulting balance after revaluation (\$156.84 = Round (C\$200 / 1.275200)).
 - The **Difference** column shows the difference between the **Revalued Balance** and **Original Balance**, which is the resulting unrealized gain (if the amount is positive) or loss (if the amount is negative). Currently, there is an unrealized gain in the amount of \$0.30 (\$156.84 - \$156.54).
3. In the table, select the unlabeled check box for the only row to select the **11000** AR account for revaluation. The total amount of the unrealized gain posted by the record selected in the table is shown in the **Revaluation Total** box in the Selection area of the form.
 4. On the form toolbar, click **Revalue** to perform the revaluation of the selected account.

The system revalues the balances of the open documents of the MINTSTORE customer based on the currency rate of the **SPOT** type that was effective on the date of revaluation. Then the system generates the revaluation transaction and opens it on the [Journal Transactions](#) (GL301000) form.

5. On the [Journal Transactions](#) form, review the transaction generated on revaluation in the base currency. Notice that **Auto-Reversing** check box in the Summary area is selected; the generated batch is auto-reversing, because revaluations are performed for reporting purposes. In the start of the next reporting period, the batch will be reversed automatically.

When the revaluation batch was posted, the following actions were performed in the system:

- The AR Provisioning account specified for the currency of revaluation (**11500**) was debited in the amount of the unrealized gain (\$0.30).
- The Unrealized Gain/Loss Currency account (**84000**), which you specified when you defined the **CAD** currency in [Multicurrency Functionality: Implementation Activity](#)) was credited in the amount of the unrealized gain (\$0.30).

Step 5: Reviewing the Accounts Receivable and AR Provisioning Balances After the Revaluation

To review the balances of the Accounts Receivable and AR Provisioning accounts after the revaluation, do the following:

1. Open the [Account Summary](#) (GL401000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted automatically)
 - **Ledger:** ACTUAL
 - **Period:** 01-2021
 - **Show Currency Details:** Cleared
3. In the table, review the ending balance of the *11000 (Accounts Receivable)* account.

The AR balance is \$8,143.63, because the *EUR* revaluation resulted in a realized loss and was recorded to the Accounts Receivable account. The result of the *CAD* revaluation was a realized gain (\$0.30) and was recorded to the *11500 (AR Provisioning)* account.

4. In the table, click the row with the *11500 (AR Provisioning)* account, and on the form toolbar, click **Account Details**.
5. On the [Account Details](#) (GL404000) form, which opens, specify *02-2021* in the **To Period** box, and review the entries displayed in the table.

The table displays the revaluation batch, as well as the corresponding reversing batch, which is automatically generated at the start of the financial period after the period of revaluation. These batches offset each other, so the balance of the account becomes \$0.00, as it was before the revaluation.

Revaluation of AR Documents: Related Report and Inquiry Form

In the following sections, you can find details about the report and inquiry form you may want to review to gather information about revalued AR documents.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing a Customer's Balance in a Foreign Currency

You can review the balance in a foreign currency and unrealized gains or losses for a customer account for which you have performed revaluation of open AR documents by running the [AR Balance by Customer MC](#) (AR633000) report.

Reviewing Unrealized Gains or Losses for a Customer Account

On the [Customer Summary](#) (AR401000) form, you can review the unrealized gains or losses for a particular customer for the specified financial period.

Lesson 4.3: Revaluing Bank Accounts

Revaluation of Bank Accounts: General Information

General ledger revaluation is performed for accounts denominated in a foreign currency. Revaluation reflects changes in currency rates between the date when a journal entry in the foreign currency was created and the date of revaluation. GL revaluation is performed with respect to the base currency. Gains or losses resulting from revaluation are posted to the revaluation gain or loss account that is specified for the currency in which the account is denominated.

Learning Objectives

In this chapter, you will learn how to revalue a bank account denominated in a foreign currency.

Applicable Scenarios

You perform a revaluation of a GL account denominated in a foreign currency in the following cases:

- You want to calculate unrealized gains or losses.
- You need to update the balance of a bank account denominated in a foreign currency.

Configuration for GL Revaluations

For each denominated account, you can specify a rate type in the **Revaluation Rate Type** column on the [Chart of Accounts](#) (GL202500) form, so that for revaluation, the system uses the currency rate of the specified type. If you do not assign a rate type to an account, the system uses the default rate type, which you specify in the **GL Revaluation Rate Type** box on the [Currency Management Preferences](#) (CM506000) form. For details on the denominated accounts, see [Denominated Accounts](#).

For each foreign currency, you select the accounts to which the system posts gains and losses from revaluations in the **Revaluation Gain and Loss Accounts** section on the [Currencies](#) (CM202000) form.

Revaluation of GL Accounts Denominated in a Foreign Currency

You revalue the GL accounts denominated in a foreign currency on the [Revalue GL Accounts](#) (CM506000) form. On the form, you specify the period of revaluation, the date of revaluation, the foreign currency, and a description of the revaluation. You can select particular accounts whose balances you want to revalue or perform revaluation for all available accounts on the form. For revaluation, the system uses the currency rate that was effective on the date of revaluation.

You can run GL revaluations as many times as you need to. Each time you perform a revaluation, the balance of the denominated account in the base currency is updated by the calculated difference. Each subsequent revaluation adjusts the results of the previous one.

Gains and losses calculated for GL revaluations are generally included in the net income for the period.

Revaluation of Bank Accounts: Generated Transactions

When you perform a revaluation of a bank account, the system calculates the difference between the revalued balance and the original balance in the **Difference** column on the [Revalue GL Accounts](#) (CM506000) form for each denominated account in the selected currency.

Transaction Generated for Revaluation Gain

If the difference between the revalued balance and the original balance is positive, the revaluation results in gains, and the system generates a batch that posts to the accounts shown in the following table.

Account	Debit	Credit
Denominated account	Amount	00.00
Revaluation Gain	00.00	Amount

Transaction Generated for Revaluation Loss

If the difference between the revalued balance and the original balance is negative, the revaluation results in losses, and the system generates a batch that posts to the accounts shown in the following table.

Account	Debit	Credit
Denominated account	00.00	Amount
Revaluation Loss	Amount	00.00

Revaluation of Bank Accounts: Process Activity

The following activity will walk you through the process of performing the revaluation of a bank account.

Story

Suppose that the accounting department of SweetLife Fruits & Jams company has to revalue the company's bank account in CAD several times within each financial period. Acting as a SweetLife accountant, on January 24, 2021, you need to revalue the cash account for the 01-2021 financial period and post the generated GL transactions.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *84010 (Cash Account Revaluation Gain/Loss CAD)* account has been created.

Process Overview

In this activity, you will review the revaluation rate type specified for the *10215* account on the [Chart of Accounts](#) (GL202500) form. On the [Account Summary](#) (GL401000) form, you will review the balance of the account, which is denominated in *CAD*, before its revaluation. (You created this GL account and the corresponding cash account in [Multicurrency Cash Accounts: To Configure an Account](#).) On the [Revalue GL Accounts](#) (CM506000) form, you will revalue the denominated account and review the GL transaction generated by the system on the [Journal Transactions](#) (GL301000) form. Finally, you will review the updated balance of the denominated account on the [Account Summary](#) form.

System Preparation

To prepare the system for the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*
2. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Reviewing the Revaluation Rate Type

To review the revaluation rate type for the account denominated in *CAD*, do the following:

1. Open the [Chart of Accounts](#) (GL202500) form.
2. In the **Revaluation Rate Type** column, review the revaluation rate type in the row with the *10215* account.

The revaluation rate type should be *SPOT*.



If the revaluation rate type is not specified for a particular account, for the revaluation of this account, the system uses the default rate specified in the **GL Revaluation Rate Type** box of the [Currency Management Preferences](#) (CM101000) form.

Step 2: Reviewing the Balance of the Denominated Account Before Revaluation

To review the balance of the *10215* account, which is denominated in *CAD*, do the following:

1. Open the [Account Summary](#) (GL401000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted automatically)

- **Ledger:** ACTUAL
 - **Period:** 01-2021
 - **Show Currency Details:** Selected
3. Review the balance of 10215 (*Checking Account CAD*).

The balance of the denominated 10215 checking account for the specified period is \$336.75, which is C\$430.23 in the currency of denomination. (Notice that the **Currency ID** column contains *CAD* for this account.)

Step 3: Revaluing the Bank Account

To revalue the bank account denominated in *CAD*, do the following:

1. Open the [Revalue GL Accounts](#) (CM506000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted automatically)
 - **Fin. Period:** 01-2021
 - **Currency Effective Date:** 1/24/2021
 - **Currency:** CAD
 - **Description:** GL Revaluation 01-2021 CAD
3. Select the unlabeled check box in the only row in the table, and on the form toolbar, click **Revalue** to perform the revaluation for the selected account. The system generates a revaluation transaction and opens it on the [Journal Transactions](#) (GL301000) form.
4. On this form, review the revaluation transaction in the base currency. Notice that the **Auto-Reversing** check box in the Summary area is cleared; the created batch is not auto-reversing and thus will not be reversed at the start of the next period.

When the revaluation transaction was automatically posted, the following actions were performed in the system:

- The revalued 10215 checking account was debited in the amount of the calculated revaluation gain (\$0.63).
- The revaluation gain/loss account specified for the CAD currency (84010), which you specified when you defined the *CAD* currency in [Multicurrency Functionality: Implementation Activity](#)) was credited in the amount of the calculated revaluation gain (\$0.63).

Step 4: Reviewing the Balance of the Denominated Account After the Revaluation

To review the balance of the 10215 account denominated in CAD, do the following:

1. Open the [Account Summary](#) (GL401000) form.
2. In the Selection area, specify the following settings:

- **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted automatically)
 - **Ledger:** ACTUAL
 - **Period:** 01-2021
 - **Show Currency Details:** Selected
3. Review the table. The balance of the denominated 10215 checking account is now \$337.38, which is C\$430.23 revalued by the system by using the CAD exchange rate effective on 1/24/2021.
4. Click the row with the 84010 (*Cash Account Revaluation Gain/Loss CAD*) account, and on the form toolbar, click **Account Details**.
5. Review the [Account Details](#) (GL404000) form, which opens. The revaluation gain in the amount of \$0.63 has been credited to the 84010 account.

Part 5: Translation of Financial Statements

In Part 5 the course, you will learn how to translate financial statements into a currency other than the base currency. In particular, you will perform the following tasks:

- Configuring the reporting ledger
- Configuring the translation definition
- Translating account balances into a foreign currency



In the lessons of this part, you will use a sample translation definition that is presented to illustrate the functionality of the *Translation of Financial Statements* feature of Acumatica ERP. In production systems, you have to configure the rules of translation of financial statements as required by the relevant government regulations and the business requirements of your company.

Lesson 5.1: Configuring Translation Definitions

Translation Definitions: General Information

In Acumatica ERP, you may need to restate account balances from the base currency (or a foreign currency) to any foreign currency configured for use in the system. The operation of restating account balances from one currency (base or foreign) to any foreign currency configured for use in accounting is called a *translation*. The translation is used for reporting purposes.

To perform a translation, the system uses a *translation definition*, which defines the source ledger and destination ledger, the accounts to be translated, and the rules to be used for translation.



To enable translation of financial statements in the system, the *Multicurrency Accounting* and *Translation of Financial Statements* features must be enabled on the [Enable/Disable Features](#) (CS100000) form.

Learning Objectives

In this chapter, you will learn how to do the following:

- Configure the system for translating financial statements
- Configure a translation definition

Applicable Scenarios

You perform a translation of financial statements if your company is a subsidiary of a larger entity and its financial statements are included in the consolidated statements of the larger entity, which are prepared in a different currency.

Creation of a Translation Definition

You use the [Translation Definition](#) (CM203000) form to define rules for the translation. When you create a new translation definition, you specify the following information:

- The source ledger—that is, the ledger from which account balances to be translated are copied
- The destination ledger—that is, the ledger to which the translated balances are recorded
- If your company has multiple branches, the branch for which translations will be performed
 - If you do not specify the branch, the translation is performed for all branches of all companies.
- The ranges of accounts and subaccounts (if subaccounts are used in your system) to be translated
- The translation methods to be used for each range of accounts and subaccounts
- The rate types to be used for translation for each range of accounts and subaccounts

Translation Ledgers

You specify the ledger from which account balances to be translated are copied and the ledger of the *Reporting* type to which the translated balances are recorded in the **Source Ledger ID** and **Destination Ledger ID** boxes, respectively, on the *Translation Definition* (CM203000) form. For details on ledgers, see [Managing Ledgers](#).

The translation is performed from the currency of the source ledger to the currency of the destination ledger. If an *Actual* ledger is selected as the source ledger, the translation will be performed from the base currency. If any *Reporting* ledger is selected as a source ledger, the translation will be performed from the foreign currency assigned to this ledger to the foreign currency of the destination ledger.

Range of Accounts for Translations

On the *Translation Definition* (CM203000) form, you specify the starting and ending accounts in the **Account From** and **Account To** columns for each range of accounts for which you want to perform translation. If you use subaccounts in your system, you can specify the starting and ending subaccounts in the **Subaccount From** and **Subaccount To** columns for each range of accounts. The ranges of account-subaccount pairs should not intersect or contain the same pairs.

You do not need to include the Year-to-Date (YTD) Net Income account in the translation definition. This account, which accumulates the difference between the amounts posted to income and expense accounts, is updated by every transaction posted to these accounts. Thus, to get the translated balance of the YTD Net Income account in the reporting ledger, you translate the balances of the income and expense accounts, and then the system calculates the account balance based on the translated amounts.

To get the correct translated balance of the Retained Earnings account in the reporting ledger, you need to translate the period-to-date (PTD) balances of income and expense accounts in each period, starting from the very first one.

Translation Methods

Acumatica ERP provides the following translation methods, which you can select for different ranges of accounts and subaccounts (if applicable) in the **Translation Method** column of the *Translation Definition* (CM203000) form:

- *YTD Balance*: To convert the account balances at the end of the translation period. When this method is selected, to get the translated balance of each of the specified accounts (generally assets and liabilities), the system converts the account balances at the end of the translation period by using the exchange rate of the selected type that is effective on the translation date.

If there is a difference between the translated balance and the account balance stored in the destination ledger for the previous period, a transaction will be generated to adjust the balance.

- *PTD Balance*: To convert the period-to-date (PTD) balance for the translation period. When this method is selected, to get the translated period-to-date balance of each of the specified accounts (generally income and expenses), the system converts the PTD balance for the translation period by using the exchange rate of the selected type that is effective on the translation date. As a result, the account balance in the reporting ledger is the total of the translated PTD balances for every period of the financial year.

If you are translating the account balances from one foreign currency to another, you should maintain direct exchange rates between those foreign currencies in the currency exchange rate database (for the *PTD Balance* and *YTD Balance* translation methods, at least two rate types for each period).

Translation Definitions: Implementation Activity

The following activity will walk you through the process of creating a translation definition.

Story

Suppose that in December 2019, SweetLife Fruits & Jams, which operates in the United States, became a subsidiary of a larger company that operates in Europe. Thus, the accountants of SweetLife need to prepare the company's financial statements in the functional currency of the head company (that is, in the euro), so that these statements can be included in the consolidated statements of the head company.

Further suppose that SweetLife's chief accountant has decided that balances have to be translated based on the following rules:

- Assets and liabilities should be translated by using the current exchange rate.
- The Capital account should be translated by using the historical rate.
- Revenues, expenses, gains, and losses should be translated by using the average exchange rate for the period that is used for translation.

Acting as a SweetLife accountant, you need to perform the needed configuration steps in the system and create a translation definition.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *27001 (Translation Gain/Loss)* account has been created.

On the [Ledgers](#) (GL201500) form, the *ACTUAL* ledger with the *Actual* type has been predefined.

Process Overview

In this activity, you will enable the needed feature on the [Enable/Disable Features](#) (CS100000) form. On the [Currencies](#) (CM202000) form, you will specify translation gain and loss accounts for *USD* (the base currency) and *EUR* (a foreign currency). On the [Currency Rate Types](#) (CM201000) form, you will define the rate types to be used in a translation definition, and create currency rates for *EUR* on the [Currency Rates](#) (CM301000) form. On the [Ledgers](#) (GL201500) form, you will create a ledger of the *Reporting* type to hold the results of translations. Finally, on the [Translation Definition](#) (CM203000) form, you will create a translation definition that will later be used for translating account balances.

System Preparation

To prepare the system for performing the steps of this activity, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*
2. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Enabling the Needed Feature

To enable the *Translation of Financial Statements* feature, do the following:

1. Open the [Enable/Disable Features](#) (CS100000) form.
2. On the form toolbar, click **Modify** to make it possible to change the set of selected features.
3. In the **Advanced Financials** group of features, select the **Translation of Financial Statements** check box.
4. On the form toolbar, click **Enable** to enable the selected feature.

Step 2: Defining Currency Rate Types

To define the currency rate types for translations, do the following:

1. Open the [Currency Rate Types](#) (CM201000) form.
2. On the form toolbar, click **Add Row** and specify the following settings for the added row:
 - **Rate Type ID:** AVG
 - **Description:** Monthly Average Rate

This currency rate type will keep the average rates calculated for the particular currencies for each month. This rate type will be used for translating the balances of income, expenses, and retained earnings.

3. On the form toolbar, click **Save** to save your changes.
4. Click **Add Row** and specify the following settings for another row:
 - **Rate Type ID:** HIST
 - **Description:** Historical Rate

This currency rate type will keep the historical rates to be used for translating the balance of the Capital account.

5. On the form toolbar, click **Save** to save your changes.

Step 3: Specifying Translation Gain and Loss Accounts for the Base Currency

To specify the translation gain and loss accounts for *USD*, which is the base currency, do the following:

1. Open the [Currencies](#) (CM202000) form.
2. In the **Currency ID** box, select *USD*.
3. On the **GL Accounts** tab, specify the following settings:
 - **Translation Gain Account:** 27001 (*Translation Gain/Loss*)
 - **Translation Loss Account:** 27001 (*Translation Gain/Loss*)
4. On the form toolbar, click **Save** to save your changes.

Step 4: Specifying Translation Gain and Loss Accounts for a Foreign Currency

To specify the translation gain and loss accounts for the *EUR* currency (which you configured in [Multicurrency Functionality: Implementation Activity](#)), do the following:

1. While you are still on the [Currencies](#) (CM202000) form, in the **Currency ID** box, select *EUR*.
2. On the **GL Accounts** tab, specify the following settings:
 - **Translation Gain Account:** 27001 (*Translation Gain/Loss*)
 - **Translation Loss Account:** 27001 (*Translation Gain/Loss*)
3. On the form toolbar, click **Save** to save your changes.

Step 5: Specifying Currency Rates

To specify the currency rates for the translation definition, do the following:

1. Open the [Currency Rates](#) (CM301000) form.
2. In the **To Currency** box, select *EUR*.

To be able to perform the translation, you need to define the currency rates from the base currency (*USD*) to the reporting currency (*EUR*) that will be effective on the date of translation.



Even if you had the *EUR-to-USD* rates of the needed rate types effective on the date of translation, the system would not use the reciprocal *EUR-to-USD* rate for performing translations from USD to EUR. You always have to define the currency rates from the base currency to reporting currency; otherwise, the translation will not be performed.

3. In the **Effective Date** box, select *12/31/2020*.
4. On the **Currency Rate Entry** tab, click **Add Row** on the table toolbar, and in the added row, specify the following settings:
 - **From Currency:** *USD*
 - **Currency Rate Type:** *SPOT*
 - **Currency Effective Date:** *12/31/2020*
 - **Currency Rate:** *0.8820*
 - **Mult./Div.:** *Multiply*

This rate is the *SPOT* rate on the date of translation for *12-2020*.

5. Click **Add Row**, and specify the following settings for the added row:
 - **From Currency:** *USD*
 - **Currency Rate Type:** *AVG*
 - **Currency Effective Date:** *12/31/2020*
 - **Currency Rate:** *0.9000*
 - **Mult./Div.:** *Multiply*

This rate is the monthly average rate calculated for the *12-2020* financial period.

6. Click **Add Row**, and specify the following settings for the added row:
 - **From Currency:** *USD*
 - **Currency Rate Type:** *HIST*
 - **Currency Effective Date:** *12/5/2020*
 - **Currency Rate:** *0.9025*
 - **Mult./Div.:** *Multiply*

This rate is the historical rate on the date when SweetLife became a subsidiary of the European company.

7. On the form toolbar, click **Save** to save your changes.

8. On the **Effective Currency Rates** tab, review the rates. The created rates will be used for the translation of account balances in *12-2020*.
9. In the **Effective Date** box, specify *1/31/2021*.
10. On the **Currency Rate Entry** tab, click **Add Row**, and in the added row, specify the following settings:
 - **From Currency:** *USD*
 - **Currency Rate Type:** *SPOT*
 - **Currency Effective Date:** *1/31/2021*
 - **Currency Rate:** *0.9077*
 - **Mult./Div.:** *Multiply*

This rate is the *SPOT* rate on the date of translation for *01-2021*.

11. Click **Add Row**, and specify the following settings for the added row:
 - **From Currency:** *USD*
 - **Currency Rate Type:** *AVG*
 - **Currency Effective Date:** *1/31/2021*
 - **Currency Rate:** *0.9011*
 - **Mult./Div.:** *Multiply*

This rate is the monthly average rate calculated for the *01-2021* financial period.

12. On the form toolbar, click **Save** to save your changes.
13. On the **Effective Currency Rates** tab, review the rates. The created rates will be used for the translation of account balances in *01-2021*.

Step 6: Creating a Reporting Ledger

To create a reporting ledger to keep the results of translations, do the following:

1. Open the [Ledgers](#) (GL201500) form.
2. On the form toolbar, click **Add New Record**, and in the Summary area, specify the following settings:
 - **Ledger ID:** *EUROTRANS*
 - **Description:** Reporting ledger for translations to EUR
 - **Type:** *Reporting*
 - **Currency:** *EUR*

This is the currency to be used in the ledger. You are specifying *EUR* because you are going to use this ledger for keeping the result of translating account balances to *EUR*.

3. On the **Companies** tab, click **Add Row** on the table toolbar, and select *SWEETLIFE* in the **Company** column.
4. On the form toolbar, click **Save** to save your changes.

The created reporting ledger will be used for holding the results of the translations. Now you need to configure the translation definition, which is the set of rules used for the translation.

Step 7: Configuring the Translation Definition

To configure the translation definition, do the following:

1. Open the *Translation Definition* (CM203000) form.
2. In the Summary area, specify the following settings:
 - **Translation ID:** *EUR*
 - **Source Ledger ID:** *ACTUAL*
The system copies the data to be translated from this ledger.
 - **Destination Ledger ID:** *EUROTRANS*
The results of the translation will be stored in this ledger.
 - **Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted automatically)
 - **Description:** Translation to EUR
 - **Active:** Selected
3. On the table toolbar, click **Add Row**, and in the added row, specify the following settings:
 - **Account From:** *10100*
 - **Account To:** *27001*
 - **Translation Method:** *YTD Balance*
 - **Rate Type:** *SPOT*
The system will use the *SPOT* rate and the year-to-date (YTD) method (that is, *YTD Balance*) for translating assets and liabilities. When this method is selected, to get the translated balance of each of the specified accounts (assets and liabilities), the system converts the account balances at the end of the translation period by using the exchange rate of the selected type that is effective on the translation date.
4. Click **Add Row**, and specify the following settings for the added row:
 - **Account From:** *30000*
 - **Account To:** *30100*
 - **Translation Method:** *YTD Balance*
 - **Rate Type:** *HIST*

The system will use the historical rate and the year-to-date method (that is, *YTD Balance*) for translating the Capital account.

5. Click **Add Row**, and specify the following settings for the added row:

- **Account From:** 32000
- **Account To:** 32000
- **Translation Method:** *PTD Balance*
- **Rate Type:** AVG

The system will use the monthly average rate and the period-to-date (PTD) method (that is, *PTD Balance*) for translating the Retained Earnings account. When this method is selected, to get the translated period-to-date balance of each of the specified accounts (generally income and expenses), the system converts the PTD balance for the translation period by using the exchange rate of the selected type that is effective on the translation date. As a result, the account balance in the reporting ledger is the total of the translated PTD balances for every period of the financial year.

6. Click **Add Row**, and specify the following settings for the added row:

- **Account From:** 40000
- **Account To:** 90000
- **Translation Method:** *PTD Balance*
- **Rate Type:** AVG

The system will use the monthly average rate and the period-to-date method (that is, *PTD Balance*) for translating income and expense accounts.



The YTD Net Income account is not included in the translation definition, because its balance is calculated based on the translated balances of income and expense accounts.

7. On the form toolbar, click **Save** to save the translation definition.

Lesson 5.2: Translating Financial Statements

Translation of Financial Statements: General Information

In Acumatica ERP, you may need to restate account balances from the base currency (or a foreign currency) to any foreign currency configured for use in the system. The operation of restating account balances from one currency (base or foreign) to any foreign currency configured for use in accounting is called a *translation*. The translation is used for reporting purposes.

For each financial period, to perform a translation, you first prepare the translation—that is, you specify the translation settings and create a translation worksheet in the system. You then check the translation worksheet, make corrections (if necessary), and release the worksheet.



To enable translation of financial statements in the system, the *Multicurrency Accounting* and *Translation of Financial Statements* features must be enabled on the [Enable/Disable Features](#) (CS100000) form.

Learning Objectives

In this chapter, you will learn how to do the following:

- Prepare a translation in the system
- Edit the prepared translation worksheet
- Release the translation

Applicable Scenarios

You perform translation of financial statements if your company is a subsidiary of a larger entity and its financial statements are included in the consolidated statements of the larger entity, which are prepared in a different currency.

Translation Steps

In general, the translation process consists of the following steps:

1. You configure the system for translation, as described in [Translation Definitions: Implementation Activity](#).
2. You check and update (if necessary) the effective currency rates from the currency of the account to be converted to the reporting currency for the date of translation on the [Currency Rates](#) (CM301000) form. For details on currency rates, see [Configuration of Rate Types and Rates: General Information](#).
3. You prepare a translation for a particular financial period on the [Prepare Translation](#) (CM501000) form. When the system prepares the translation by using the specified translation definition, it generates a translation worksheet and shows it on the [Translation Worksheets](#) (CM304000) form. For details, see [Translation of Financial Statements: Process Activity](#).
4. You review, correct (if necessary), and release the translation worksheet on the [Translation Worksheets](#) form.

For a defined translation definition, subsequent translations for the same financial period are incremental: The current translation adjusts the result of the previous released translation to match the current one. When the translation is released, an appropriate batch of adjusting transactions is created.

5. If the **Automatically Post to GL on Release** check box is cleared on the [Currency Management Preferences](#) (CM101000) form, you post the translation batch on the [Post Transactions](#) (GL502000) form.

Gains or losses resulting from translation are posted to the translation gain or loss account (and subaccount, if subaccounts are used in your system) specified in the **Translation Gain and Loss Accounts** section of the **GL Accounts** tab of the [Currencies](#) (CM202000) form.

6. You review the translated account balances for the ledger and period on the [Account Summary](#) (GL401000) form.

Translation Preparation

For each financial period for which you want to translate balances, you prepare a translation on the [Prepare Translation](#) (CM501000) form. On this form, you specify the following settings:

- In the **Fin. Period** box: The financial period for which the translation is to be performed
- In the **Translation ID** box: The translation definition to be used for translation
- In the **Currency Effective Date** box: The effective date of the currency exchange rate to be used for translation
- In the **Description** box: A brief description of the translation

In the Summary area of the [Prepare Translation](#) form, the system automatically fills in the settings of the selected translation definition (that is, the source ledger and currency and the destination ledger and currency). The table displays the currency rates that will be used in the translation. These are the rates of different rate types that are effective on the translation date.

After you have specified the settings for the translation, you click the **Create Translation** button on the form toolbar. The system creates the translation worksheet, which shows the translated account balances, on the [Translation Worksheets](#) (CM304000) form.

Translation Worksheet Editing

Before you release a translation worksheet, you can view it on the [Translation Worksheets](#) (CM304000) form. On this form, the **Source Amount** column shows the amount to be translated: the PTD balance for the accounts translated with the *PTD Balance* method, and the ending balance for the period for the accounts translated with the *YTD Balance* method. These accounts and the translation methods have been specified in a translation definition related to the worksheet on the [Translation Definition](#) (CM203000) form.

The **Translated Amount** column shows the source amount that the system converted by using the specified currency rate as follows:

- For the accounts translated with the *YTD Balance* method, this is the account balance at the end of the period in the reporting ledger.
- For the accounts translated with the *PTD Balance* method, this is the account period-to-date balance for the period in the reporting ledger.

The **Transaction Debit Amount** and **Transaction Credit Amount** columns show the amount in which the account will be debited or credited in the translation batch to yield the needed balance.

Before you release a translation worksheet, you can manually edit the worksheet, if needed. To do so, on the [Translation Worksheets](#) form, you edit the amounts in the **Transaction Debit Amount** and **Transaction Credit Amount** columns.



As you adjust the values, the credit total and debit total on this form change synchronously to reflect the changes, because one of them contains the translation gain or loss.

Translation Release

To release a single prepared translation worksheet, while viewing the worksheet on the [Translation Worksheets](#) (CM304000) form, you click **Release** on the form toolbar. You can also release multiple prepared translation worksheets on the [Release Translations](#) (CM502000) form.



Before you release a translation, you should make sure that you have released the translation for the previous periods. If any periods were skipped, you will see incorrect balances of the accounts that have been translated with the *PTD Balance* method selected on the [Translation Definition](#) (CM203000) form, and that have nonzero PTD balances for the skipped periods.

On release, the system generates a currency management batch for each translation. If the **Automatically Post to GL on Release** check box is selected on the [Currency Management Preferences](#) (CM101000) form, the batch is posted to the reporting ledger. If this check box is cleared, you need to post the batch manually to the general ledger.

Correction of a Released Translation

Sometimes after a translation is performed for a period, some new transactions are posted to the actual ledger in this period. In this case, you have to perform the translation (that is, prepare and release it) one more time for that period; subsequent translations for the same period will adjust the account balance if the account balance has changed.

If you have used the wrong currency rate in the translation, you should change the rate to the correct one and prepare and release the translation.

Translation Workflow

The diagram below illustrates how the system performs the translation of the account balances by using the *EUR* translation definition. For details on configuring this translation definition, see [Translation Definitions: Implementation Activity](#). The system translates assets, liabilities, income, and expenses by using the methods and currency rates of the rate types that are specified in the translation definition.

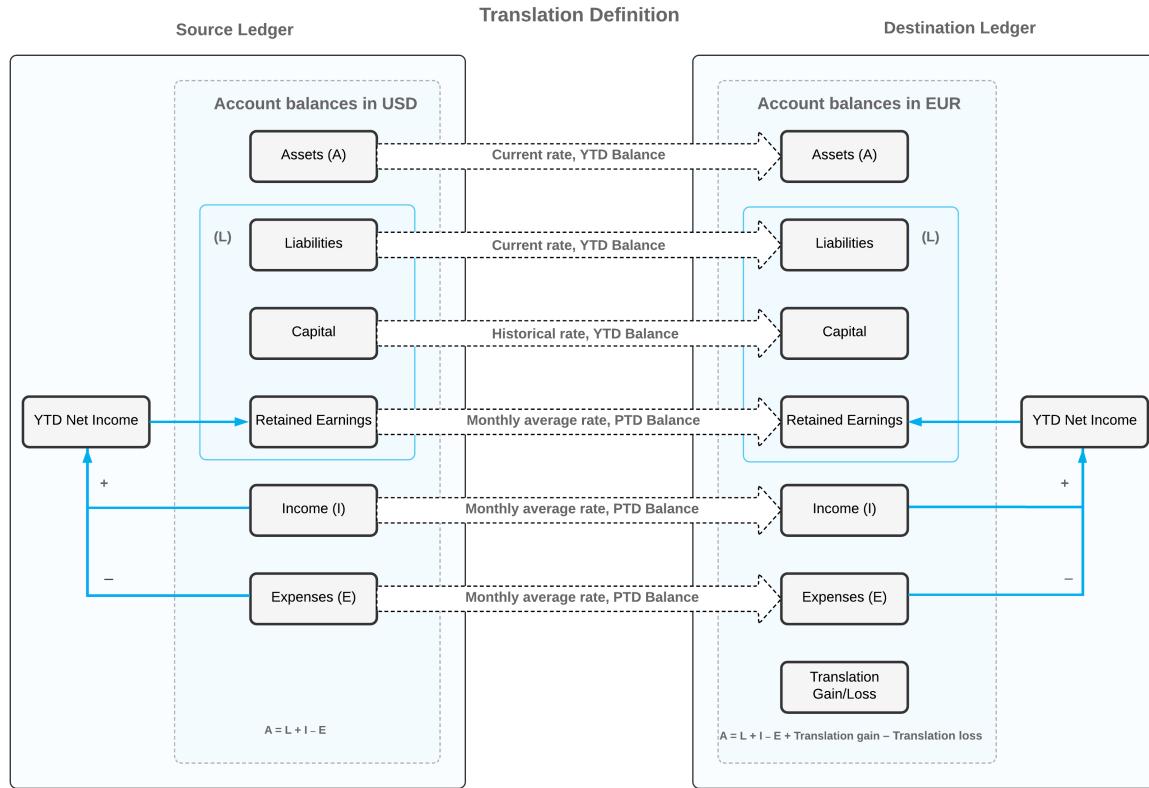


Figure: Translation process

The Year-to-Date (YTD) Net Income account is not included in the translation definition, because in the reporting ledger, just as in the actual ledger, this account accumulates the difference between amounts posted to income and expense accounts and is updated by every transaction posted to these accounts. Thus, to get the translated balance of the YTD Net Income account in the reporting ledger, you translate the balances of the income and expense accounts, and then the system calculates the account balance based on the translated amounts.

To get the correct translated balance of the Retained Earnings account in the reporting ledger, you need to translate the period-to-date (PTD) balances of income and expense accounts in each period, starting from the very first one. In addition, you need to translate the transactions that were posted manually to the Retained Earnings account (if any). These transactions update the account PTD balance in the transaction period, and the system would translate the account balance by using the PTD Balance method selected for the account in the translation definition. That is why you have to start translations from the first period in which the company begins operations in Acumatica ERP, which is 12-2020 for the company used in the activities of this guide.

Translation of Financial Statements: Process Activity

The following activity will walk you through the process of translating financial statements into a foreign currency.

Story

Suppose that after the configuration of a translation definition, the chief accountant of SweetLife Fruits & Jams has decided to translate account balances from the base currency (*USD*) into a foreign currency (*EUR*) by using the configured translation definition. Acting as a SweetLife accountant, you have to translate the account balances for December 2020 and January 2021.

Configuration Overview

For the purposes of this activity, the following features have been enabled on the [Enable/Disable Features](#) (CS100000) form:

- *Standard Financials*, which provides the standard financial functionality
- *Multi-Branch Support*, which supports multiple branches in your instance of Acumatica ERP
- *Multicurrency Accounting*, which enables multicurrency operations in the system

On the [Chart of Accounts](#) (GL202500) form, the *32000 (Retained Earnings)* and *33000 (Net Income)* accounts have been created.

Process Overview

In this activity, you will prepare a translation for December 2020 on the [Prepare Translation](#) (CM501000) form and release it on the [Translation Worksheets](#) (CM304000) form. You will then review the balances of the reporting ledger on the [Account Summary](#) (GL401000) form.

Next, you will prepare a translation for January 2021 on the [Prepare Translation](#) form, release it on the [Translation Worksheets](#) form, and analyze how the system updated the balances.

System Preparation

To prepare the system for the steps of the activity to be performed, do the following:

1. Launch the Acumatica ERP website, and sign in to a company with the *U100* dataset preloaded. To sign in as an accountant, use the following credentials:
 - Username: *johson*
 - Password: *123*

 You must perform the previous activities of this guide before you perform this activity, and sign in to the company where the prerequisite activities have been performed.
2. In the info area, in the upper-right corner of the top pane of the Acumatica ERP screen, click the Business Date menu button, and select *12/31/2020* from the calendar.
3. On the Company and Branch Selection menu, also on the top pane of the Acumatica ERP screen, make sure that the *SweetLife Head Office and Wholesale Center* branch is selected. If it is not selected, click the Company and Branch Selection menu button to view the list of branches that you have access to, and then click *SweetLife Head Office and Wholesale Center*.

Step 1: Preparing a Translation for December 2020

To prepare a translation for the 12-2020 period, do the following:

1. Open the [Prepare Translation](#) (CM501000) form.
2. In the Selection area, specify the following settings:

- **Translation ID:** EUR

Here you specify the translation definition to be used for the translation.

- **Fin. Period:** 12-2020

This is the financial period for which the translation will be performed.

- **Currency Effective Date:** 12/31/2020

This is the effective date of the currency exchange rate to be used for the translation.

- **Description:** Translation to EUR

The table displays the currency rates that will be used in the translation. These are the rates of different rate types that are effective on the translation date.



When you are performing a translation in a production environment, make sure that you have completed the translation for the previous periods. If any periods were skipped, you will see incorrect balances of the accounts that are translated by the *PTD Balance* method and have nonzero PTD balances for the skipped periods.

3. On the form toolbar, click **Create Translation**.

The system prepares the translation worksheet and displays it on the [Translation Worksheets](#) (CM304000) form.

Step 2: Reviewing the Balances and Releasing the Translation

To review the translated balances and release the translation, do the following:

1. While you are still on the [Translation Worksheets](#) (CM304000) form, review the prepared translation worksheet.

The system has translated the account balances by using the exchange rates of the appropriate type and the rules of translation specified in the translation definition. The **Source Amount** column shows the amount to be translated: the PTD balance for the accounts translated with the *PTD Balance* method, and the ending balance for the period for the accounts translated with the *YTD Balance* method. The **Translated Amount** column shows the source amount that the system converted by using the specified currency rate as follows:

- For the accounts translated with the *YTD Balance* method, this is the account balance at the end of the period in the reporting ledger.
- For the accounts translated with the *PTD Balance* method, this is the account period-to-date balance for the period in the reporting ledger.

The **Transaction Debit Amount** and **Transaction Credit Amount** columns show the amount in which the account will be debited or credited in the translation batch to get the needed balance. This is the first translation that you have performed in the *EUROTRANS* reporting ledger. (You created this ledger in [Translation Definitions: Implementation Activity](#).)

Thus, all the nonzero account balances were processed, and the debit and credit amounts equal the translated amounts. The **Orig. Translated Amount** column shows account balances (PTD balances or ending balances, depending on the selected translation method) in the reporting ledger before the translation. Currently, the column shows *0.00* for all the accounts, because before the translation, all account balances were equal to zero.

The system translates balances of different accounts by using different currency rates (as the translation definition specifies), so the total of the translated assets and expenses does not match the total of the translated liabilities and incomes. To make the **Debit Total** equal the **Credit Total** in the translation worksheet, this discrepancy is posted to the Translation Gain/Loss account specified for the reporting currency. This amount is not translated, and thus the **Currency Rate** for this row is *1.00*. The **Debit Total** and **Credit Total** equal the **Control Total**.

2. On the form toolbar, click **Release** to release the translation worksheet.

The system generates a transaction and posts it to the *EUROTRANS* reporting ledger.

3. Click the **Translation Batch Number** link in the Summary area.
4. On the *Journal Transactions* (GL301000) form, which opens, review the generated transaction.

The amounts from the **Transaction Debit Amount** and **Transaction Credit Amount** columns, which you have reviewed on the translation worksheet, were copied into the **Debit Amount** and **Credit Amount** columns, respectively. Notice that you can review the batch only in *EUR*, because it is the currency assigned to the *EUROTRANS* reporting ledger.



If after a translation was performed for the period, you have posted some new transactions to the actual ledger in this period, you have to perform the translation one more time; subsequent translations for the same period will adjust the account balance if the account balance has changed.

If you have used the wrong currency rate in the translation, change the rate to the correct one and redo the translation.

The *EUROTRANS* reporting ledger now contains account balances translated to *EUR*, so that you can use it for preparing financial statements and other reports in the *EUR* currency for the 12-2020 period.

Step 3: Reviewing the Balance of the Reporting Ledger

To review the balances of the *EUROTRANS* reporting ledger, do the following:

1. Open the *Account Summary* (GL401000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** *HEADOFFICE - SweetLife Head Office and Wholesale Center* (inserted by default)
 - **Ledger:** *EUROTRANS*
 - **Financial Period:** *12-2020*
 - **Show Currency Details:** Cleared

3. Review the table. Account balances have been translated to *EUR* and recorded to the reporting ledger. The amounts in the **Ending Balance** column are the same as those in the **Translated Balance** column of the translation worksheet that you released.

Step 4: Preparing and Releasing a Translation for January 2021

To prepare a translation for the *01-2021* period, do the following:

1. In the info area, set the business date to *1/31/2021*.
2. Open the [Prepare Translation](#) (CM501000) form.
3. In the Selection area, specify the following settings:
 - **Translation ID:** *EUR*
 - **Fin. Period:** *01-2021* (inserted automatically)
 - **Currency Effective Date:** *1/31/2021* (inserted automatically)
 - **Description:** Translation to EUR

Last Fin. Period shows the period for which the most recent translation was performed (*12-2020*).



If you have prepared a translation for a period and have not released it, you will not be able to prepare a translation with the same **Translation ID** for the next period until you release the prepared translation.

4. On the form toolbar, click **Create Translation**.

The system prepares the translation and displays it on the [Translation Worksheets](#) (CM304000) form. The system prepares the translation that adjusts the results of the previous translation. Notice that not all accounts were processed during this translation: The system processes only accounts with the *PTD Balance* method that have transactions in the translation period, and accounts with the *YTD Balance* method that have nonzero balances. Because the *SPOT* rate at the end of *12-2020* and at the end of *01-2021* differs, the system also translates all assets and liabilities.

The **Transaction Debit Amount** and **Transaction Credit Amount** columns display the adjusting amounts that will be posted to the accounts in the reporting ledger. Thus, the ending balances for the accounts translated with the *YTD Balance* method and the PTD balances for accounts translated with the *PTD Balance* method become equal to the amounts in the **Translated Amount** column.

5. On the form toolbar, click **Release**.
6. Open the [Translation Details](#) (CM651500) report form.
7. On the **Report Parameters** tab, specify the following settings:
 - **Financial Period:** *01-2021*.
 - **Translation Number:** *000002*
8. On the form toolbar, click **Run Report**.
9. Review the report. It lists the accounts whose balances were updated with the translation.

Step 5: Reviewing the Balance of the Reporting Ledger

To review the balance of the reporting ledger updated by the translation, do the following:

1. Open the [Account Summary](#) (GL401000) form.
2. In the Selection area, specify the following settings:
 - **Company/Branch:** HEADOFFICE - SweetLife Head Office and Wholesale Center (inserted by default)
 - **Ledger:** EUROTRANS
 - **Period:** 01-2021
 - **Show Currency Details:** Cleared
3. Review the form. The account balances were updated with the results of the translation in 01-2021. At the end of the 2020 financial year, the system automatically transferred the net income from the YTD Net Income account to the Retained Earnings account. Therefore, the beginning balance of the 32000 (Retained Earnings) account is -€1,135.87, and the balance of the 33000 (Net Income) account at the start of 01-2021 is €0.00. The ending balance of the 33000 account for the 01-2021 period was automatically calculated from the balances of the income and expense accounts, and is now -€9,762.40.

Translation of Financial Statements: Related Report and Inquiry Form

In the following sections, you can find details about the report and inquiry form you may want to review to gather information about translations.



If you do not see a particular report or form that is described, you may have signed in to the system with a user account that does not have access rights to the report or form. Contact your system administrator to obtain access to any needed reports or forms.

Reviewing Translation History

You can review the history of released and unreleased translations in the system on the [Translation History](#) (CM401000) form.

Printing Translation Details

To prepare a printable form of the translation details form, you use the [Translation Details](#) (CM651500) report.