

Solutions



Unit: Additional Financial Topics

Topic: Currencies

1-1 Work with currencies in an A/P Invoice for a foreign business partner.

1-1-1 Review and update the setup.

Choose *Administration* → *Setup* → *Financials* → *Currencies*.

Review the *Currencies - Setup* window.

Then choose *Administration* → *Exchange Rates and Indexes*.

Enter exchange rate values in all existing currencies for today's date.

1-1-2 Create a foreign currency vendor and update the price list.

Choose *Business Partners* → *Business Partner Master Data*. From the *Data* menu → choose *Add*.

Field Name or Data Type	Values
<i>Code</i>	<Enter any code, for example V90007 >
<i>Customer/Vendor/Lead</i>	Vendor
<i>Name</i>	<Enter any name>
<i>Currency</i>	<Choose a currency that is different from the local currency>

Write down the account currency_____.

Choose the *Payment Terms* tab and in the *Payment Terms* field select the **Cash Basic** payment terms.

Write down the pricelist defined in the Price List field_____.

Choose *Inventory* → *Price Lists* → *Price Lists*

Double click the row number of the price list you have just written down.

Choose the Form Settings icon.

Choose the Visible and possibly the Active checkboxes in the *Additional Currency 1* columns.

Choose OK.

For one of the items, in the *Additional Currency 1* section:

Field Name or Data Type	Values
<i>Unit Price</i>	<any > Note! With the price amount, enter the currency symbol defined for the vendor you have checked.

1-1-3 Issue an A/P invoice for the foreign currency vendor.

Choose *Purchasing A/P* → *A/P Invoice*.

Field Name or Data Type	Values
<i>Posting Date</i>	<Enter today's date>
<i>Vendor</i>	<Choose the foreign vendor>
<i>Item</i>	<Choose the item to which you entered a price in the foreign currency>

If the Exchange Rate and Indexes window appears, enter a valid currency rate and update the window.

1-1-4 Review the currency data in the document.

In the BP Currency field at the top you can see the currency defined for the vendor together with the exchange rate value you have entered.

The values in the *Unit Price* field, total row amount, and the total document amount are all appearing in the BP currency.

1-1-5 Add the A/P invoice.

Add the A/P invoice and browse back to the last invoice. Choose the *Accounting* tab and then choose the linking arrow in the *Journal Remark* field.

In the automatic journal entry, you can see that the amounts were posted in foreign currency as well as in the local currency according to the exchange rate that you entered.

In the row presenting the vendor's details, choose the linking arrow in the *G/L Acct/BP Code* field. On the header, at the field above the *Account Balance* field, choose the 3 options in a row: *Local Currency/System Currency/BP Currency* and check the account balance in this currency.

If the balance in the local currency and the system currency is the same then the local currency is defined for both currencies.

1-2 Work with currencies in an A/P Invoice for a local business partner.

1-2-1 Issue an A/P invoice for a local vendor.

Choose *Purchasing A/P* → *A/P Invoice*.

Field Name or Data Type	Values
<i>Posting Date</i>	<Enter today's date>
<i>Vendor</i>	<Choose a local currency vendor>
<i>Item</i>	<Choose any item>
<i>Unit Price</i>	<Enter a price in one of the foreign currencies to which you entered an exchange rate> Note! use the symbol defined in the <i>Currencies</i> window, under: <i>Administration</i> → <i>Setup</i> → <i>Financials</i> → <i>Currencies</i> .

If the *Exchange Rate and Indexes* window appears, enter a valid currency rate and update the window.

The total row amount and the total document amount are translated to the local currency amount according to the exchange rate you entered.

1-2-2 Add the A/P invoice.

Add the A/P invoice and browse back to the last invoice. Choose the *Accounting* tab and then choose the linking arrow in the *Journal Remark* field.

In the automatic journal entry, you can see that the amounts were posted in the local currency only as this is a local business partner.

1-3 Post an Exchange Rate Difference transaction.

1-3-1 Issue an A/P invoice for a foreign currency vendor.

Choose *Purchasing A/P* → *A/P Invoice*.

Field Name or Data Type	Values
<i>Vendor</i>	<Choose the foreign currency vendor you have used before>
<i>Posting Date</i>	<Enter a past date >
<i>Item</i>	<Choose the item to which you entered a price in the foreign currency>

If the *Exchange Rate and Indexes* window appears enter a valid currency rate that is **different** from the exchange rate you entered for today and update the window.

Add the A/P invoice.

1-3-2 Create an outgoing payment for the invoice.

Choose *Banking* → *Outgoing Payments* → *Outgoing Payments*.

Field Name or Data Type	Values
<i>Posting Date</i>	<Today's date>
<i>Vendor</i>	<Choose the foreign currency vendor you have used before>
<i>Selected column</i>	<Choose the Invoice you have just created>

Let us say that the exchange rate changed since the invoice was issued.

Ensure that in the *Doc. Currency* field at the top of the payment the exchange rate is different than the rate you entered for the invoice.

Choose the *Payment Terms* icon. In the *Payment Terms* window, enter the payment details (for example bank transfer).

Ensure that the account currency of the account selected in the *G/L Account* field is defined to **All Currencies**.

Choose *OK* and add the payment.

Review the automatic journal entry created for the outgoing payment.

Note that the exchange rate difference was posted in the local currency on different row to a dedicated account.