

SAP Business One v10 –
How to Execute
Exchange Rate
Differences

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Table of Contents

- 1.Introduction
- 2. Procedure

Introduction

When you maintain foreign currency (FC) business partners and/or accounts, SAP Business One conducts all related bookkeeping in FC. Since you also conduct the bookkeeping system in local currency (LC), SAP Business One expresses every FC transaction in LC according to the FC exchange rate on the date of transaction. Daily fluctuations in FC exchange rates may cause mismatches between the balances in LC and FC.

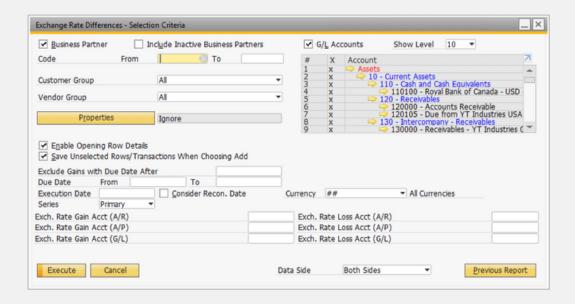
The Exchange Rate Differences function periodically recalculates the LC and FC balances according to the exchange rate on the day the differences are calculated.

SAP Business One provides recommendations for executing automatic journal transactions for exchange rate differences in FC business partners and accounts, correct to a given date. The Exchange Rate Differences function reconciles the FC balance and the LC balance, considering the fluctuation in the FC exchange rate.

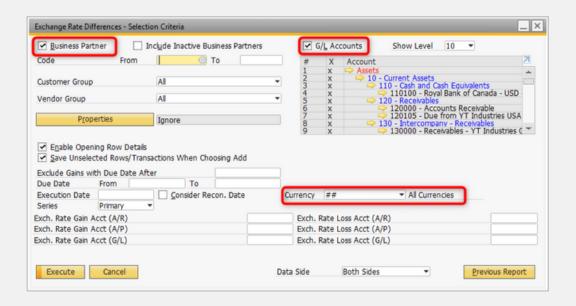
Procedure

1) From the Main Menu, go to Financials > Exchange Rate Differences.

The Exchange Rate Differences - Selection Criteria window will be opened:



2) If you are going to determine the exchange differences of the Accounting Accounts, you must uncheck the option of Business Partners and mark the account or accounts with a balance in foreign currency that interest us (You can choose all the accounts after all the report will only take those that present operations in foreign currency).



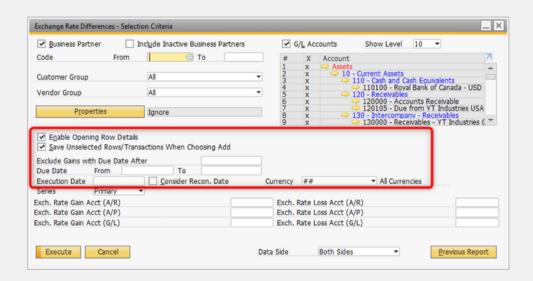
- 3) The following fields will be filled in or not, according to the needs of execution of the report.
 - Exclude winnings with an expiration date later than. Define a date after which you want to exclude the calculation of net earnings achieved.
 - Expiration date of... to... Set an expiration date range for open games.
 - Execution date. Specify the cut-off date to calculate exchange rate differences. This is usually the year-end date. This is a mandatory date.
 - Consider fe.reconc. (Consider date of reconciliation). Reflects the reconciliation status of operations for the selected date.

It is suggested to check the box Consider fe.reconc. (consider reconciliation dates) so that the difference is recalculated from the last date on which the exchange rate differences were executed, if the invoice comes from previous months.

Example

If a transaction that was not reconciled on the execution date is now reconciled, exchange rate differences are calculated as if the transaction had not been reconciled.

• Currency. Specify the currency for which you want to calculate exchange rate differences. Remember that for all currencies "##" is used.



4) Select the accounts where the Exchange Profits will be recorded either for Suppliers, Customers or Accounting Accounts or the exchange losses for the same concepts.

T/C Benefit Account (customers) T/C Loss Account (customers)

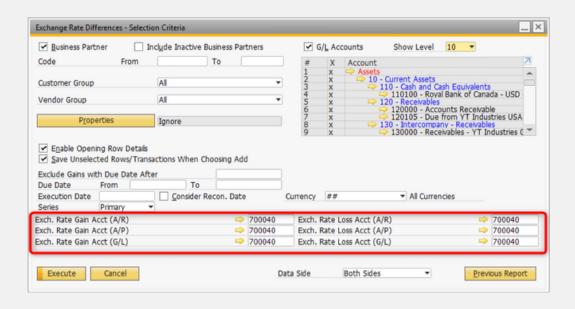
T/C Benefit Account (Suppliers)

T/C Loss Account (suppliers)

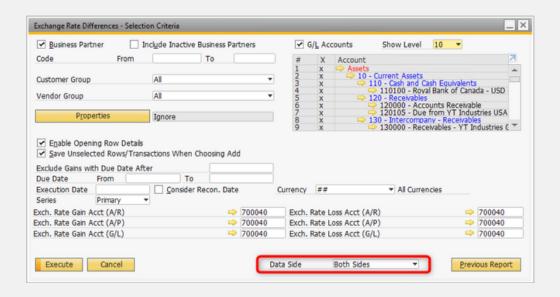
T/C Profit Account (General Ledger) T/C Loss Account (General Ledger)

Specify which of the exchange rate difference accounts should be applied when the automatic journal operation runs.

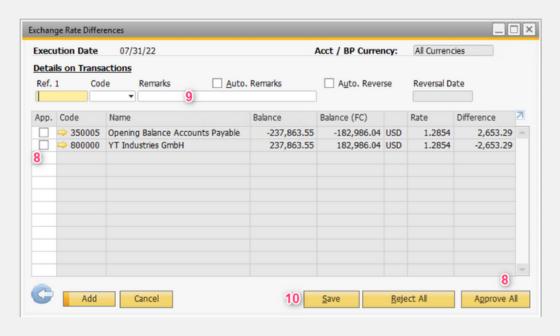
You can define identical or different accounts for customers, vendors, and accounts.



5) It is important to choose whether to calculate profit or loss exchange rate differences, or both, in the Data Part field.

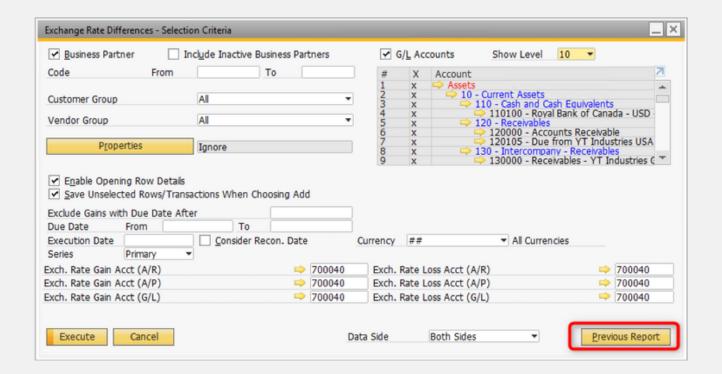


- 6) The exchange rate with which the balances in foreign currency will be valued is the one that is captured in the table of Exchange Rates and Indices found in Management + Exchange Rate Rates and Indices.
- 7) When you click on the Execute button, the system will present a screen in which it will show us the balances of the accounts in the Local Currency, and the balances in the Foreign Currency, the revaluation exchange rate and the determined difference.

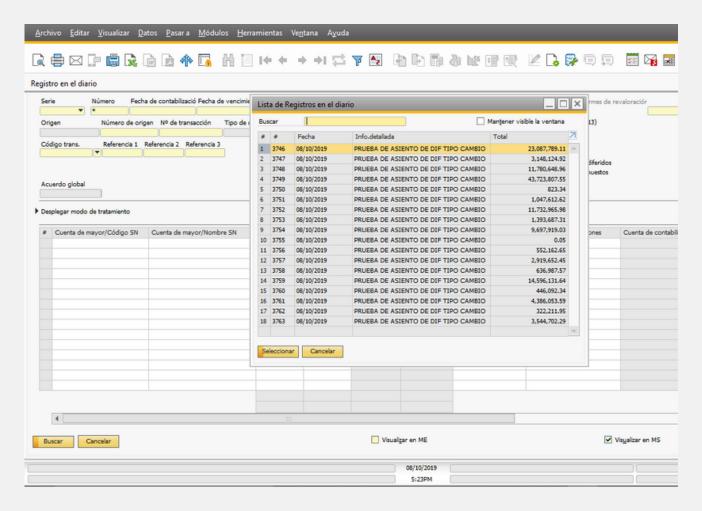


- 8) To generate the respective accounting records, the differences must be approved either by manually checking the box on the left side of each account or by clicking on the Authorize All button to automatically select all items.
- 9) Although it is not mandatory it is highly recommended to capture a comment for the policies that will be created, since this exchange fluctuation is theoretical, this registration must be canceled the following month, for this the system allows you to schedule said cancellation by simply checking the box "Automatic cancellations" and the date of the 1st of the following month is captured for the registration of this cancellation.
- 10) The system allows you to save the scenario, before executing it, to be reviewed and / or executed by someone else (Save), or it is created permanently (Create).

If you choose Save, the way to retrieve these changes is from the main screen, by clicking on the **Previous Report** button.



If you choose Create SAP Business One, you generate a policy for each revalued account.



11) Normally, the exchange rate differences journals created at period end will be reversed at the first day of the next period.

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Innormax can help guide you through the analysis and implementation of the most suitable solution for your company. Our consultants have a long track record of helping businesses of all shapes and sizes succeed in many different industries in the area of traceability.

Using our resources and supporting technology like SAP Business One Lot Tracking & Batch Traceability, we are the trusted advisors you need to help your business succeed.

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