



# SAP Business One v10 – How to Execute Exchange Rate Differences

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# 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:

Exchange Rate Differences - Selection Criteria

Business Partner  Include Inactive Business Partners

Code From  To

Customer Group

Vendor Group

G/L Accounts Show Level 10

#	X	Account
1	X	Assets
2	X	10 - Current Assets
3	X	110 - Cash and Cash Equivalents
4	X	110100 - Royal Bank of Canada - USD
5	X	120 - Receivables
6	X	120000 - Accounts Receivable
7	X	120105 - Due from YT Industries USA
8	X	130 - Intercompany - Receivables
9	X	130000 - Receivables - YT Industries C

Enable Opening Row Details  
 Save Unselected Rows/Transactions When Choosing Add

Exclude Gains with Due Date After

Due Date From  To

Execution Date   Consider Recon. Date Currency ##

Series

Exch. Rate Gain Acct (A/R)  Exch. Rate Loss Acct (A/R)   
 Exch. Rate Gain Acct (A/P)  Exch. Rate Loss Acct (A/P)   
 Exch. Rate Gain Acct (G/L)  Exch. Rate Loss Acct (G/L)

Data Side

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).

Exchange Rate Differences - Selection Criteria

Business Partner  Include Inactive Business Partners

Code From  To

Customer Group

Vendor Group

G/L Accounts Show Level 10

#	X	Account
1	X	Assets
2	X	10 - Current Assets
3	X	110 - Cash and Cash Equivalents
4	X	110100 - Royal Bank of Canada - USD
5	X	120 - Receivables
6	X	120000 - Accounts Receivable
7	X	120105 - Due from YT Industries USA
8	X	130 - Intercompany - Receivables
9	X	130000 - Receivables - YT Industries C

Enable Opening Row Details  
 Save Unselected Rows/Transactions When Choosing Add

Exclude Gains with Due Date After

Due Date From  To

Execution Date   Consider Recon. Date Currency ##

Series

Exch. Rate Gain Acct (A/R)  Exch. Rate Loss Acct (A/R)   
 Exch. Rate Gain Acct (A/P)  Exch. Rate Loss Acct (A/P)   
 Exch. Rate Gain Acct (G/L)  Exch. Rate Loss Acct (G/L)

Data Side

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.

Exchange Rate Differences - Selection Criteria

Business Partner  Include Inactive Business Partners  G/L Accounts Show Level 10

Code From To

Customer Group All

Vendor Group All

Properties Ignore

#	X	Account
1	x	Assets
2	x	10 - Current Assets
3	x	110 - Cash and Cash Equivalents
4	x	110100 - Royal Bank of Canada - USD
5	x	120 - Receivables
6	x	120000 - Accounts Receivable
7	x	120105 - Due from YT Industries USA
8	x	130 - Intercompany - Receivables
9	x	130000 - Receivables - YT Industries C

Enable Opening Row Details  
 Save Unselected Rows/Transactions When Choosing Add

Exclude Gains with Due Date After

Due Date From To

Execution Date  Consider Recon. Date Currency ## All Currencies

Series Primary

Exch. Rate Gain Acct (A/R) Exch. Rate Loss Acct (A/R)

Exch. Rate Gain Acct (A/P) Exch. Rate Loss Acct (A/P)

Exch. Rate Gain Acct (G/L) Exch. Rate Loss Acct (G/L)

Execute Cancel Data Side Both Sides Previous Report

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

Exchange Rate Differences - Selection Criteria

Business Partner  Include Inactive Business Partners  G/L Accounts Show Level 10

Code From To

Customer Group All

Vendor Group All

Properties Ignore

#	X	Account
1	x	Assets
2	x	10 - Current Assets
3	x	110 - Cash and Cash Equivalents
4	x	110100 - Royal Bank of Canada - USD
5	x	120 - Receivables
6	x	120000 - Accounts Receivable
7	x	120105 - Due from YT Industries USA
8	x	130 - Intercompany - Receivables
9	x	130000 - Receivables - YT Industries C

Enable Opening Row Details  
 Save Unselected Rows/Transactions When Choosing Add

Exclude Gains with Due Date After

Due Date From To

Execution Date  Consider Recon. Date Currency ## All Currencies

Series Primary

Exch. Rate Gain Acct (A/R) 700040 Exch. Rate Loss Acct (A/R) 700040

Exch. Rate Gain Acct (A/P) 700040 Exch. Rate Loss Acct (A/P) 700040

Exch. Rate Gain Acct (G/L) 700040 Exch. Rate Loss Acct (G/L) 700040

Execute Cancel Data Side Both Sides Previous Report

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

The screenshot shows the 'Exchange Rate Differences - Selection Criteria' dialog box. The 'Data Side' dropdown menu is highlighted with a red box and set to 'Both Sides'. Other visible options include 'Business Partner', 'G/L Accounts', and 'Show Level 10'. The 'Account' list on the right includes 'Assets', '10 - Current Assets', '110 - Cash and Cash Equivalents', '120 - Receivables', and '130 - Intercompany - Receivables'. The 'Execution Date' is set to '07/31/22' and the 'Currency' is set to 'All Currencies'.

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.

The screenshot shows the 'Exchange Rate Differences' report window. The 'Execution Date' is 07/31/22 and the 'Acct / BP Currency' is All Currencies. The 'Details on Transactions' section shows a table with columns: Ref. 1, Code, Remarks, Auto. Remarks, Auto. Reverse, and Reversal Date. The main table has columns: App. Code, Name, Balance, Balance (FC), Rate, and Difference. The data is as follows:

App. Code	Name	Balance	Balance (FC)	Rate	Difference
350005	Opening Balance Accounts Payable	-237,863.55	-182,986.04	USD 1.2854	2,653.29
800000	YT Industries GmbH	237,863.55	182,986.04	USD 1.2854	-2,653.29

The 'Details on Transactions' section shows a table with columns: Ref. 1, Code, Remarks, Auto. Remarks, Auto. Reverse, and Reversal Date. The data is as follows:

Ref. 1	Code	Remarks	Auto. Remarks	Auto. Reverse	Reversal Date

The 'Details on Transactions' section also includes a table with columns: App. Code, Name, Balance, Balance (FC), Rate, and Difference. The data is as follows:

App. Code	Name	Balance	Balance (FC)	Rate	Difference
350005	Opening Balance Accounts Payable	-237,863.55	-182,986.04	USD 1.2854	2,653.29
800000	YT Industries GmbH	237,863.55	182,986.04	USD 1.2854	-2,653.29

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.

The screenshot shows the 'Exchange Rate Differences - Selection Criteria' dialog box. It includes several sections for configuring the selection process:

- Business Partner:**  Business Partner,  Include Inactive Business Partners. Fields for Code, From, and To.
- Customer Group:** All (dropdown)
- Vendor Group:** All (dropdown)
- Properties:** Ignore (dropdown)
- G/L Accounts:**  G/L Accounts, Show Level: 10 (dropdown). A list of accounts is shown with checkboxes in the 'X' column.
- Execution Options:**  Enable Opening Row Details,  Save Unselected Rows/Transactions When Choosing Add.
- Exclude Gains with Due Date After:** Due Date From and To fields.
- Execution Date:** Execution Date field,  Consider Recon. Date, Currency: ## (dropdown), All Currencies.
- Series:** Primary (dropdown)
- Account Selection:** Exch. Rate Gain Acct (A/R), Exch. Rate Gain Acct (A/P), Exch. Rate Gain Acct (G/L) all set to 700040. Exch. Rate Loss Acct (A/R), Exch. Rate Loss Acct (A/P), Exch. Rate Loss Acct (G/L) all set to 700040.
- Buttons:** Execute, Cancel, and a red-bordered **Previous Report** button.
- Data Side:** Both Sides (dropdown)



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

Registro en el diario

Lista de Registros en el diario

#	Fecha	Info.detalada	Total
1 3746	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	23,087,789.11
2 3747	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	3,148,124.92
3 3748	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	11,780,648.96
4 3749	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	43,723,807.55
5 3750	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	823.34
6 3751	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	1,047,612.62
7 3752	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	11,732,965.98
8 3753	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	1,393,687.31
9 3754	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	9,697,919.03
10 3755	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	0.05
11 3756	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	552,162.65
12 3757	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	2,919,652.45
13 3758	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	636,987.57
14 3759	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	14,596,131.64
15 3760	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	446,092.34
16 3761	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	4,386,053.59
17 3762	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	322,211.95
18 3763	08/10/2019	PRUEBA DE ASIENTO DE DIF TIPO CAMBIO	3,544,702.29

Visualizar en ME  Visualizar en MS

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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