

CHAPTER 9: MULTICURRENCY

Objectives

The objectives are:

- Explain setup requirements for currencies and exchange rates when using multiple currencies.
- Explain setup requirements using multiple currencies with Customers, Vendors, and Bank Accounts.
- Review steps and additional functionality for processing Purchase and Sales documents that have foreign currency.
- Review steps and additional functionality when recording and posting multicurrency transactions in the Cash Receipts Journal.
- Review the steps for processing multicurrency payments using the Payments Journal.
- Review the process of running the Adjust Exchange Rates batch job for Customers, Vendors, and Bank Accounts.
- Explain set up, viewing amounts, daily processing, and periodic processes when using an Additional Reporting Currency.
- Explain the process of consolidations with companies using different currencies.

Introduction

In today's global economy, many companies have to report results and process activity using multiple currencies. Microsoft Dynamics® NAV 2009 provides functionality to help companies with posting and correct valuating of transactions in multiple currencies, displaying general ledger results in multiple currencies, and consolidating companies that use different currencies.

Companies that are processing multiple currencies will benefit from knowing how to set up, process various transactions, implement additional reporting currency, and consolidate multiple currencies with Microsoft Dynamics NAV 2009.

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

Currency Card and Currency Exchange Rates

Companies complete the initial setup for multicurrency functionality in Microsoft Dynamics NAV 2009 using the **Currency Card** and **Currency Exchange Rates** windows.

The **Currency Card** is where the basic parameters for the various currencies used by a company are established. The **Currency Exchange Rate** window is used to set up the exchange rates for a selected currency on specific dates.

Currency Card

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

The **Currencies** page can be accessed from the Navigation Pane in two ways:

- Click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and the select **Currencies**.
- Click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **Currencies**.

To open the **Currency Card**, click **New**, locate and select an already existing **Currency Card**.

The screenshot shows the 'New - Currency Card' dialog box with the following fields and values:

Section	Field	Value
General	Code	*
	Description	
	Unrealized Gains Acc.:	
	Realized Gains Acc.:	
	Unrealized Losses Acc.:	
	Realized Losses Acc.:	
	EMU Currency:	<input type="checkbox"/>
	Last Date Modified:	
	Last Date Adjusted:	
	Payment Tolerance %:	0
Max. Payment Tolerance Amount:	0.00	
Rounding	Invoice Rounding Precision:	1.00
	Invoice Rounding Type:	Nearest
	Amount Rounding Precision:	0.01
	Amount Decimal Places:	2:2
	Unit-Amount Rounding Precision:	0.00001
	Unit-Amount Decimal Places:	2:5
	Appl. Rounding Precision:	0.00
	VAT Rounding Type:	Nearest
Reporting	Realized G/L Gains Account:	
	Realized G/L Losses Account:	
	Residual Gains Account:	
	Residual Losses Account:	

FIGURE 9.1 CURRENCY CARD

The information on the **Currency Card** is organized on a series of FastTabs. The setup involves:

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

General FastTab

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

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

Rounding FastTab

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

- **Invoice Rounding Precision** - specifies the rounding precision used for this currency on invoices; for example, invoices may be rounded to the nearest whole number.
- **Invoice Rounding Type** - determines the rounding method that is used for invoices. The options are Nearest, Up, or Down. This field works with the **Invoice Rounding Precision** field.

- **Amount Rounding Precision** - specifies the rounding precision used for the currency.
- **Amount Decimal Places** - specifies the number of decimal places displayed for the currency. The minimum and maximum number of decimal places are separated by a colon.
- **Unit-Amount Rounding Precision** - specifies the rounding precision used for unit prices for items on sales and purchase invoices.
- **Unit-Amount Decimal Places** - identifies the minimum and maximum number of decimal places used for the sales and purchase price of items and sales price of resources. The minimum and maximum number of decimal places are separated by a colon, for example 2:5.
- **Appln. Rounding Precision** - specifies the amount allowed for rounding differences when a payment entry in one currency is applied to entries in a different currency.
- **Conv. LCY Rndg. Debit Acc.** - identifies the debit account to use for rounding differences when the **Insert Conv. LCY Rndg. Lines** function is used in a general journal.
- **Conv. LCY Rndg. Credit Acc.** - identifies the credit account to use for rounding differences when the **Insert Conv. LCY Rndg. Lines** function is used in a general journal.
- **Max. VAT Difference Allowed** - identifies the maximum VAT correction amount allowed for the currency.
- **VAT Rounding Type** - determines how VAT is rounded for the currency. The options are Nearest, Up, or Down.

Reporting FastTab

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

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

Payment Tolerance

A function is available from **Currencies** or the **Currency Card** to modify the Payment Tolerance for the selected currency.

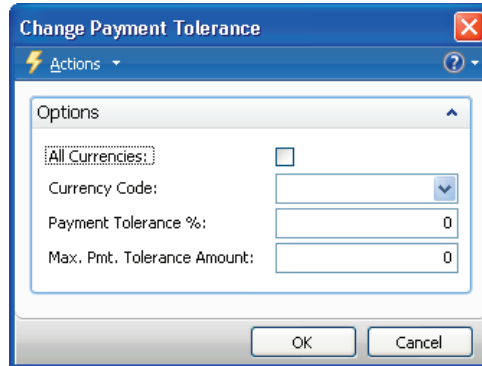


FIGURE 9.2 CHANGE PAYMENT TOLERANCE

The **Change Payment Tolerance** window contains the following fields:

- **All Currencies** - if this field is selected, the payment tolerance setup is changed for all currencies.
- **Currency Code** - identifies the currency for which the tolerance setup is changed.
- **Payment Tolerance %** - identifies the percentage a payment or refund can vary from the expected amount on an invoice or credit memo.
- **Max. Pmt. Tolerance Amount** - identifies the maximum amount a payment or refund can vary from the amount on an invoice or credit memo. Used this field to limit the amount calculated by using the **Payment Tolerance %** setting, for example, 2 percent with a maximum of 100 Canadian dollars (CAD).

Companies can also set up Payment Tolerance for currencies using the **Change Payment Tolerance** batch job from the **General Ledger Setup** window.

When users are setting Payment Tolerance from the **General Ledger Setup** window, the **Currency Code** field is not automatically populated in the **Change Payment Tolerance** window. To set tolerance for a specific currency, click the drop-down list in the **Currency Code** field and select the currency. The other fields are completed as discussed in this lesson.

Demonstration: Setting Payment Tolerance

Scenario: Phyllis, the accounting manager at CRONUS International Ltd., has determined that it may be helpful to set payment tolerances for the Icelandic krona (ISK). Phyllis plans to set a 3 percent tolerance with a limit of 1,250 krona and to update all open ledger entries for this change.

Steps: Setting Payment Tolerance

To set up the payment tolerance, follow these steps:

1. From the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Currencies**.
2. Locate and select the ISK, Icelandic krona, currency.
3. Click **Change Payment Tolerance**.
4. In the **Payment Tolerance %** field, enter 3, the percentage allowed.
5. In the **Max. Pmt. Tolerance Amount** field, enter 1250, the amount of the variance allowed.
6. Click **OK**.
7. Click **Yes** to update open entries for customers and vendors.

Currency Exchange Rates

Currency exchange rates are constantly fluctuating. The **Currency Exchange Rates** window is used to:

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

To open the **Currency Exchange Rates** window from the **Currencies** or **Currency Card** window, click **Exch. Rates**.

Starting Date	Currency C...	Relational ...	Exchange Rate...	Relational Exch...	Adjustment Ex...	Relational Adj...	Fix Exchan...
1/1/2008	ISK		100.0	0.8671	100.0	0.8671	Currency

FIGURE 9.3 CURRENCY EXCHANGE RATES

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

- Running the Adjust Exchange Rates batch job to revalue previously posted transactions.
- Performing consolidations of foreign subsidiaries using currencies other than the parent's currency.

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

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

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

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

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

- **Adjustment Exch. Rate Amount** - indicates the rate to use for the currency selected on the line. Use the **Adjustment Exch. Rate Amount** and **Relational Adjmt. Exch. Rate Amount** fields when running the **Adjust Exchange Rates** batch job.
- **Relational Adjmt. Exch. Rate Amount** - indicates the rate to use for the currency selected in the **Relational Currency Code** field; if the field is blank, it is the local currency. Use the **Adjustment Exch. Rate Amount** and **Relational Adjmt. Exch. Rate Amount** fields when running the **Adjust Exchange Rates** batch job.
- **Fix Exchange Rate Amount** - determines whether the currency or relational currency exchange rates suggested on invoices, journal lines, and batch jobs are fixed or editable. When a selection is made in this field, that selection is fixed (not editable). The options are Currency, Relational Currency, or Both.

Set Up Multicurrency for Customers, Vendors, and Bank Accounts

Multiple steps are necessary to complete the setup in Microsoft Dynamics NAV 2009 to appropriately handle multicurrency transactions involving customers, vendors, and bank accounts.

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

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

Currency Card and Currency Exchange Rates

Working with Multicurrency in a company the first step is to setup the **Currency Card** and the **Currency Exchange Rates** for all customers, vendors, and bank accounts.

In the **Currency Exchange Rates** window:

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

General Ledger Setup

The **General Ledger Setup** window contains fields related to how rounding differences are managed by Microsoft Dynamics NAV 2009.

Access the **General Ledger Setup** window on the Navigation Pane by clicking the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **General Ledger Setup**.

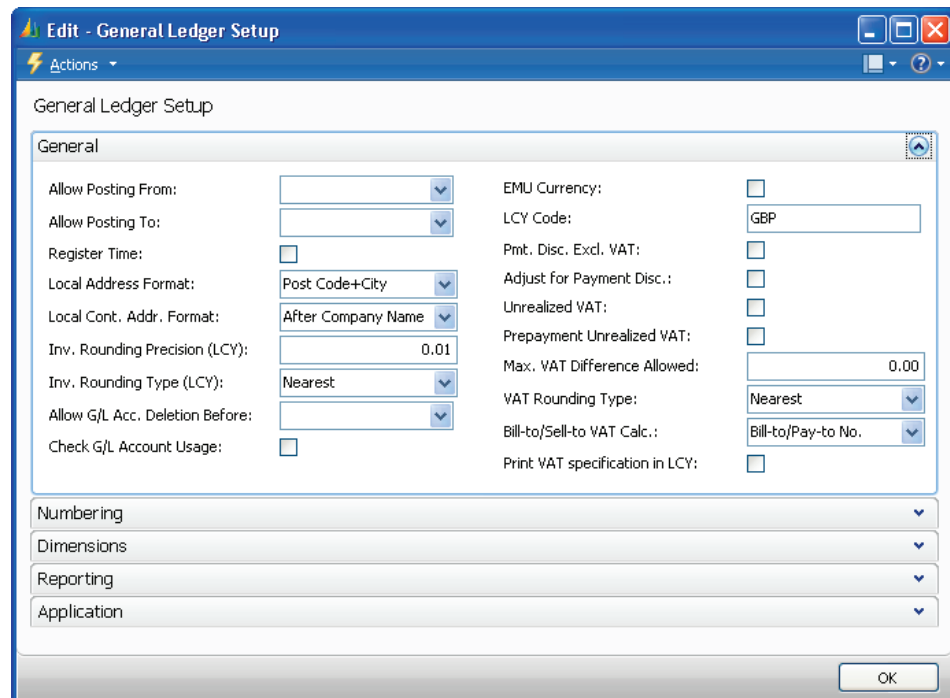


FIGURE 9.4 GENERAL LEDGER SETUP

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

- **Inv. Rounding Precision (LCY)** - identifies the rounding precision used for the local currency on invoices; for example, invoices may be rounded to the nearest whole number.
- **Inv. Rounding Type (LCY)** - determines the rounding method that is used for invoices for the local currency. The options are Nearest, Up, or Down. This field works with the **Invoice Rounding Precision** field.

***NOTE:** The **LCY Code** field in the **General Ledger Setup** window specifies the local currency.*

On the **Application** FastTab of the **General Ledger Setup** window, use the **Appln. Rounding Precision** field to determine the rounding precision when entries that are using different currencies apply to one another.

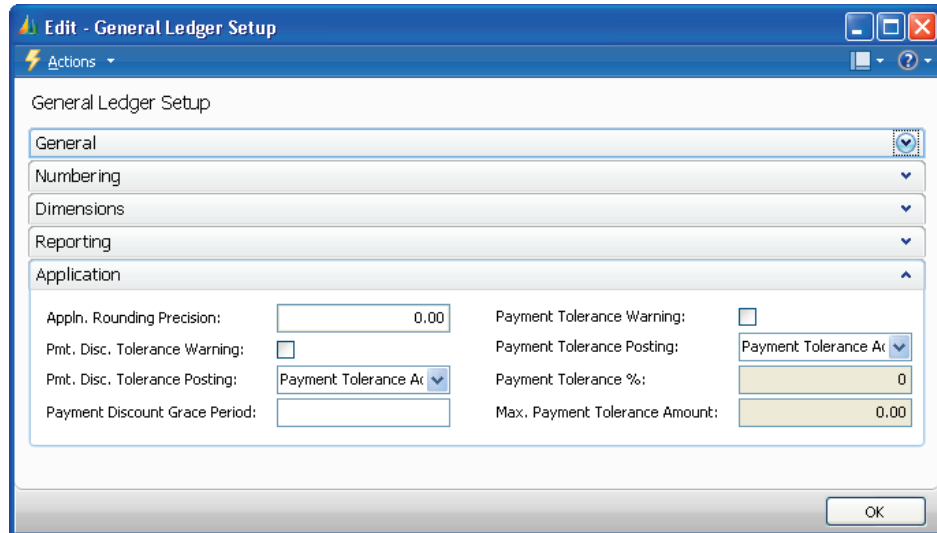


FIGURE 9.5 GENERAL LEDGER SETUP - APPLICATION FASTTAB

NOTE: The currency of the entry that is applied to one or more other entries determines the interval for rounding differences. The rounding difference is only calculated and posted when the entry applied is a payment entry.

Receivables and Payables

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

On the Navigation Pane:

- Click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **Sales & Receivables Setup**. Click the **General** FastTab to view the fields in Receivables.

- Click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **Purchases & Payables Setup**. Click the **General** FastTab to view the fields in Payables.

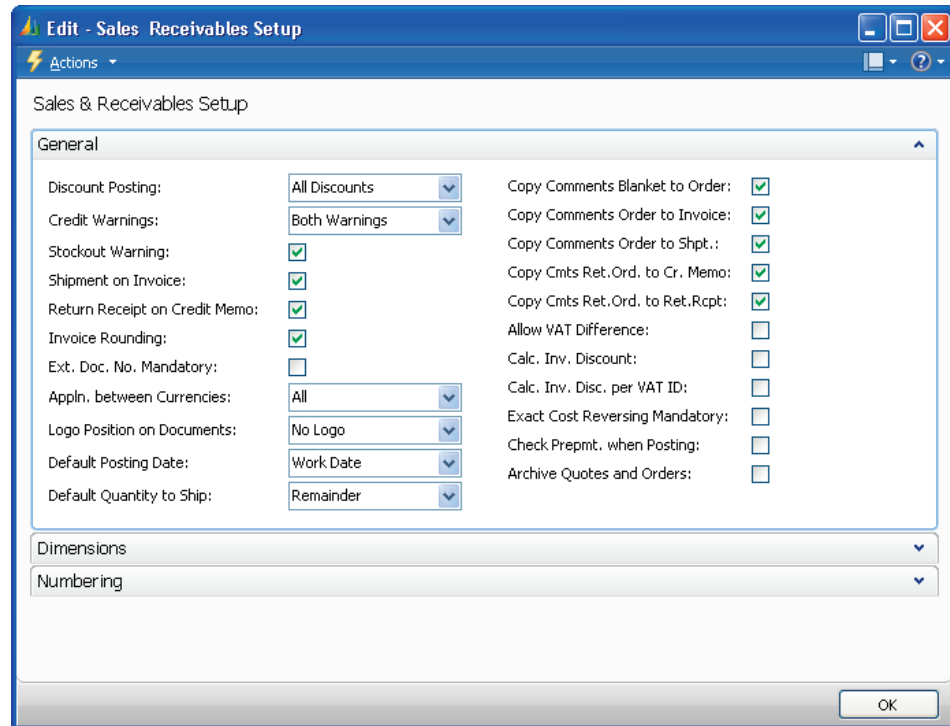


FIGURE 9.6 SALES RECEIVABLES SETUP

In both windows, click to insert a check mark in the **Invoice Rounding** check box to use rounding for Sales and Purchase invoices for LCY.

The rounding process for LCY uses the settings in the **Inv. Rounding Precision (LCY)** and **Inv. Rounding Type (LCY)** fields on the **General** FastTab of the **General Ledger Setup** window.

Use the selection in the **Appl. Between Currencies** field in the **Sales & Receivables** and **Purchases & Payables Setup** windows to allow application between currencies if:

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

The options in these windows are:

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

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

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

For information about the **Appln. Between Currencies** field in the **Currency Card** window and **General Ledger Setup** window, refer to the relative lessons in this content.

***NOTE:** The currency of the entry that is applied to one or more other entries determines the interval for rounding differences. The rounding difference is only calculated and posted when the applied entry is a payment entry.*

Rounding differences are posted to the **Debit Curr. Appln. Rndg. Acc.** or **Credit Curr. Appln. Rndg. Acc.** fields specified in the **Vendor Posting Group** or **Customer Posting Group** windows.

Customer, Vendor, and Bank Account Cards

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

For customers, on the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Receivables**, and then select **Customers**.

Click the **Foreign Trade** FastTab, to assign a default currency to a customer:

1. In the **Currency Code** field, click and locate the correct currency for the customer.
2. Click **OK** to close the **Customer Card**.

The process is the same for Vendors and Bank Accounts, the only difference being the path:

- Vendors: From the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendor**. Click the **Foreign Trade** FastTab.
- Bank Accounts: From the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Cash Management**, and then select **Bank Accounts**. Click the **Posting** FastTab.

Process Sales and Purchase Documents

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

During the process, however, Microsoft Dynamics NAV 2009 has additional functionality to support multicurrency, including the ability to:

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

Demonstration: Process a Purchase Invoice

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

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

Steps: Process a Purchase Invoice

To record and post the purchase invoice, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Purchase Invoices**.
2. Click **New**.
3. In the **Buy-from Vendor No.** field, click the drop-down list and select 01905283, Mundersand Corporation.

4. Press **TAB** or **ENTER**.
5. Click the **Foreign Trade** FastTab.
6. Notice that the currency from the Vendor Card populates the **Currency Code** field.

To review the exchange rates, follow these steps:

1. In the **Currency Code** field, click the **Assist** button to display the **Change Exchange Rate** window. For CAD, notice that the current exchange rate is 46.0862.
2. Close the **Change Exchange Rate** window.

***NOTE:** The fields that are editable in the **Change Exchange Rate** window are controlled by the selection made in the **Fix Exchange Rate Amount** field in the **Currency Exchange Rates** window. For more information, refer to the "**Currency and Currency Exchange Rates**" lesson in this content.*

To enter a line in the purchase invoice, follow these steps:

1. In the lines, in the **Type** field, click the drop-down list and select **Item**.
2. In the **No.** field, enter 70000.
3. In the **Quantity** field, enter 1.
4. Press **TAB** or **ENTER**.

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

- The direct unit cost is calculated using the **Last Direct Cost** from the **Item Card** of 15.70008 and dividing it by the **Relational Exchange Rate** of .460862.
- The calculated amount of 34.06677 is rounded according to the entry in the **Unit Amount Rounding Precision** field in the **Currencies** window for CAD. This results in a **Direct Unit Cost Excluding VAT** of 34.067.

To review the statistics and post the invoice, follow these steps:

1. Click **Statistics** to display the **Purchase Invoice Statistics** window. The cost is displayed in both the foreign currency and the local currency.
2. Close the **Purchase Invoice Statistics** window.
3. Click the **General** FastTab.
4. In the **Vendor Invoice No.** field, enter CUR1.
5. Click **Post**.
6. Click **Yes** to post the invoice.

To review the posted ledger entries, follow these steps:

On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Payables**, and then select **Vendors**.

1. Locate and select vendor 01905283, Mundersand Corporation.
2. Notice that the amount in the **Balance (LCY)** field is 15.70.
3. Click **Ledger Entries** to display the Vendor Ledger Entries window.
4. Notice that the amounts in the **Original Amount**, **Amount**, and **Remaining Amount** fields are displayed in CAD, the vendor's currency.
5. Right click on the header to open the **Choose Columns** feature.
6. Select the **Original Amt. (LCY)**, **Amount (LCY)**, and **Remaining Amount (LCY)** fields and then click **OK**.
7. In the **Original Amount** field, click the field to open the **Detailed Vendor Ledg. Entries** window. Notice that amounts are displayed in both the vendor and the local currencies.
8. Close the **Detailed Vendor Ledg. Entries**, and **Vendor Ledger Entries** windows.

Lab 9.1 - Process a Sales Invoice

Scenario

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

Spotsmeyer's Furnishing uses U.S. dollar (USD) as their currency. The exchange rate as of 01/01/10 for 100 USD is 51.61 Great Britain Pounds (GBP). Because this is the first transaction posted to Spotsmeyer's, you plan to verify the multicurrency amount posted.

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

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

Challenge Yourself!

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

Need a Little Help?

1. Open the **Currency Exchange Rates** window.
2. Update the **Bill-to Customer No.** on the **Invoicing** FastTab of the sales invoice.
3. Open the **Customer Ledger Entries** window.
4. Review the posted entries.

Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Currencies**.
2. Locate and select the entry for USD.

3. Click **Exch. Rates**.
4. On a new line, in the **Starting Date** field, enter 01/01/10.
5. In the **Relational Exch. Rate Amount** field, enter 51.61.
6. In the **Relational Adjmt. Exch. Rate Amt.** field, enter 51.61.
7. Close the **Currency Exchange Rates** and **Currencies** windows.
8. In **Financial Management** menu, click **Receivables** and **Sales Invoices**.
9. Click **New**.
10. In the **Sell-to Customer No.** field, enter 01121212.
11. Ensure that the Posting Date is 01/24/10.
12. Click the **Invoicing** FastTab.
13. In the **Bill-to Customer** field, enter 01121212.
14. Click the **Foreign Trade** FastTab, confirm the **Currency Code** field is set to USD.
15. Click the **Lines** FastTab.
16. In the **Type** field on the first line, select Item.
17. In the **No.** field, enter 70001.
18. In the **Location Code** field, select Blue.
19. In the **Quantity** field, enter 5.
20. Note the amount in the **Line Amount Excl. VAT** field.
21. Click **Statistics**.
22. Note the amounts for **Total Incl. VAT** and **Sales (LCY)**.
23. Close the **Sales Invoice Statistics** window.
24. Click **Post**.
25. Click **Yes** to post the invoice.
26. In the Navigation Pane, click **Receivables**, click **Customers**.
27. Locate and select customer 01121212.
28. Note the amount in the **Balance (LCY)** field.
29. Click **Ledger Entries**.
30. In the **Customer Ledger Entries** window, add the **Original Amt. (LCY)**, **Amount (LCY)**, and **Remaining Amt. (LCY)** fields.
31. Note the amounts in the fields on the line.
32. Close all windows.

Process Cash Receipts

Using the Cash Receipts Journal with multiple currencies is basically the same as processing cash receipts that uses the local currency.

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

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

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

In addition to the ability to use multiple currencies in the same Cash Receipt Journal when the Bank Account Currency Code is LCY:

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

Another difference when using multiple currencies is the entries created from posting. When multiple currencies are involved, three Detailed Customer Ledger Entries are created when a payment is applied and posted against an invoice Customer Ledger Entry:

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

Amount has the opposite sign. This entry is posted to reduce the **Remaining Amount** on the Payment Customer Ledger Entry.

Demonstration: Process a Cash Receipt Journal

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

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

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

Arnie must record the payments in the Cash Receipts Journal by using the World Wide Bank-Operating Account and a posting date of 01/24/10.

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

Steps: Process a Cash Receipt Journal

To enter the first line in the Cash Receipt Journal, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Cash Management**, and then select **Cash Receipt Journal**.
2. Ensure that the Bank batch is selected.
3. In the **Choose Column** feature, add the **Currency Code** field.
4. Ensure that the **Posting Date** is set to 01/26/10.
5. In the **Document Type** field, click the drop-down list and select Payment.
6. In the **Account Type** field, click the drop-down list and select Customer.
7. In the **Account No.** field, enter 01445544.
8. Click **Apply Entries**.
9. Click the line for **Document No.** 103013.
10. Click **Set Applies-to ID**.
11. Click **OK**.

To enter the remaining payment lines, follow these steps:

1. Click the next line.
2. In the **Account No.** field, enter 01454545.
3. In the **Amount** field, enter -222241.32.
4. Delete the entry in the **Currency Code** field, so that the field is blank.
5. Click **Apply Entries**.
6. With the line for **Document No.** 00-17 selected, click **Set Applies-to ID**.
7. Click **OK**.
8. Click the next line.
9. In the **Account No.** field, enter 47563218.
10. Click **Apply Entries**.
11. With the line for **Document No.** 103015 selected, click **Set Applies-to ID**.
12. Click **OK**

To post the journal, follow these steps:

13. Click **Post**.
14. Click **Yes** to post the journal lines.
15. Click **OK**.
16. Close the **Cash Receipt Journal** window.

To review the ledger entries for New Concepts Furniture, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Receivables**, and then select **Customers**.
2. Locate and select customer 01454545.
3. Click **Ledger Entries**.
4. Notice that the original invoice entry used a currency of USD and that the payment entry that closed it used LCY.
5. Click the payment line.
6. Click **Navigate**.
7. Click the line for **Detailed Cust. Ldg.** entry and click **Show**.

8. Note that there are three lines displayed for each of the three entries applied and posted.
9. Review the three entries for Customer 01454545.
10. Close the **Detailed Cust. Ledg. Entries**, **Navigate**, and **Customer Ledger Entries** windows.

Process Payments

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

Similar to the Cash Receipts Journal, there are posting restrictions based on currency. These restrictions also affect the ability to print checks in the Payments Journal.

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

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

Demonstration: Print and Post Checks

Scenario: April, the accounts payable coordinator, is asked to issue checks from the WWB-USD bank account for vendors using USD as their currency. Invoices due on or before 01/31/10 are to be paid.

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

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

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

Steps: Print and Post Checks

To update the Currency Code and the Bank Account Card, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Currencies**.
2. Locate and select the USD currency.
3. Click the **Rounding** FastTab.
4. In the **Conv. LCY Rndg. Debit** field, enter 9150.
5. In the **Conv. LCY Rndg. Credit** field, enter 9150.
6. Close the **Currency Card** and **Currencies** windows.
7. In the Navigation Pane, click **Cash Management** and then select **Bank Accounts**.
8. Locate and select the WWB-USD bank account.
9. Click the **Posting** FastTab.
10. In the **Last Check No.** field, enter 10000.
11. Close the **Currency Card** window.

To suggest vendor payments in the Payment Journal, follow these steps:

1. In the **Cash Management** folder, click **Payment Journals**.
2. In the **Batch Name** field, click the drop-down list and select the General batch.
3. Click **Suggest Vendor Payments**.
4. Click the **Options** FastTab.
5. In the **Last Payment Date** field, enter 01/31/10.
6. In the **Bal. Account Type** field, click the drop-down list and select Bank Account.
7. In the **Bal. Account No.** field, click the drop-down list and select the WWB-USD bank account.
8. Click **OK**.
9. In the **Bank Payment Type** field, click the drop-down list and select Computer Check.
10. In the **Vendor** FastTab add a filter.

11. Click the drop-down list and point to **Additional Columns**, locate and select **Currency Code**.
12. In the Enter a value field enter USD.
13. Click OK to the message advising that lines have been created for payments only for USD amounts.

The Payments Journal is populated with the invoices to be paid.

To print the checks and post the journal, follow these steps:

1. Click **Print Check**.
2. Click the **Options** FastTab.
3. In the **Bank Account No.** field, click the drop-down list and select WWB-USD.
4. Add a check mark in the **One Check per Vendor per Document No.** check box.
5. Click **Print**.
6. Add a check mark in the **Print to File** check box.
7. Click **OK**.
8. In the **Output File Name** field, enter ck.prn.
9. Click **OK**; the Payments Journal is updated for the printed checks.
10. Click **Post**.
11. Click **Yes** to post the journal lines.
12. Click **OK**.
13. Close the **Payment Journal** window.

To review the posted activity for Progressive Home Furnishings, follow these steps:

1. Click on the **Financial Management**, click **Payables** and then select **Vendors**.
2. Locate and select vendor 01254796.
3. Click **Ledger Entries**.
4. Ensure that the **Original Amount (LCY)**, **Amount (LCY)**, and **Remaining Amount (LCY)** fields appear.
5. Click the payment line.
6. Click **Navigate**.
7. Click Detailed Vendor Ledg. Entry line and then click **Show**.
8. Review the three Detailed Vendor Ledger Entries.
9. Close the **Detailed Vendor Ledg. Entries**, **Navigate**, **Vendor Ledger Entries**, and **Vendor Card** windows.

Lab 9.2 - Post Expenses in Foreign Currency

Scenario

As the accounts receivable administrator for CRONUS International Ltd., you have received the January 2010 vehicle expense. It is your responsibility to post these expenses, in Euros (EUR), including VAT:

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

Ensure that you set up the following:

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

On January 1, 2010, use the DEFAULT journal to post these expenses to the cash account. If there is a rounding difference, enter the adjustment for the amount in local currency. It is not necessary to review the entries for this lab.

Challenge Yourself!

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

Need a Little Help?

1. Verify the setup is correct for the Euro in the **Currencies** window.
2. Verify Direct Posting is set up for account 9150 in the **G/L Account Card** window.
3. Use the Insert Conv. Rndg. Lines function to adjust any rounding differences.

Step by Step

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **General Ledger** and then select **Chart of Accounts**.
2. Locate and select account 9150.
3. Verify that the **Direct Posting** check box contains a check mark.
4. Close the **G/L Account Card**.
5. In the Navigation Pane, click **Periodic Activities**, click **Currency**, and then **Currencies**.

6. Locate and select the EURO currency.
7. Verify that the **Conv. LCY Rndg. Debit Acc.** and **Conv. LCY Rndg. Credit Acc.** fields are set to 9150.
8. Close the open window.
9. In the Navigation Pane, click **General Ledger** and then select **General Journals**.
10. In the **Batch Name** field, ensure that the DEFAULT batch is selected.
11. In the **Posting Date** field, enter 01/01/10.
12. In the **Account No.** field, enter 8510.
13. In the **Amount** field, enter 178.53.
14. In the **Currency Code** field, enter EUR.
15. Click the next line.
16. In the **Account No.** field, enter 8520.
17. In the **Amount** field, enter 342.32.
18. In the **Currency Code** field, enter EUR.
19. Click the next line.
20. In the **Account No.** field, enter 8530.
21. In the **Amount** field, enter 107.34.
22. In the **Currency Code** field, enter EUR.
23. Click the next line.
24. In the **Account No.** field, enter 2910.
25. In the **Amount** field, enter -628.19.
26. In the **Currency Code** field, enter EUR.
27. Click **Actions**, point to **Functions** and the select **Insert Conv. LCY Rndg. Lines**.
28. Click **Post**.
29. Click **Yes** to post the journal lines.
30. Click **OK**.
31. Close the **General Journal** window.

Use the Adjust Exchange Rates Batch Job

Run the Adjust Exchange Rates batch job to update LCY amounts for posted entries in Microsoft Dynamics NAV 2009. The batch job adjusts customer, vendor, and bank account entries to reflect updated amounts when the exchange rate changes after entries are posted.

Adjusting exchange rates are typically completed in the following order:

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

***NOTE:** The Adjust Exchange Rates batch job is also used to update additional reporting currency amounts on general ledger entries.*

Step 1: Enter the Adjustment Exchange Rate

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

1. On the **Financial Management** menu, click **Periodic Activities**, click **Currency**, and then select **Currencies**.
2. In the **Currencies** window, select the currency that will be adjusted and then click **Exchange Rates** to enter the adjustment.
3. In the **Adjustment Exch Rate Amount** and **Relational Adjmt Exch Rate Amt** fields on the new line, enter the exchange rate amounts with which to adjust the posted entries.

You can rerun the **Adjust Exchange Rates** batch job when it is necessary, for example when the batch job is run after an exchange rate is entered incorrectly. Before running the batch job again, overwrite the amounts in the **Adjustment Exch Rate Amount** and **Relational Adjmt. Exch. Rate Amt.** fields. Microsoft Dynamics NAV 2009 posts a new adjustment based on the adjustments already made.

Step 2: Set Filters on the Adjust Exchange Rates Batch Job

To run the Adjust Exchange Rates batch job, open the Adjust Exchange Rates window:

On the **Financial Management** menu, click **Periodic Activities**, click **Currency**, and then select **Adjust Exchange Rates**.

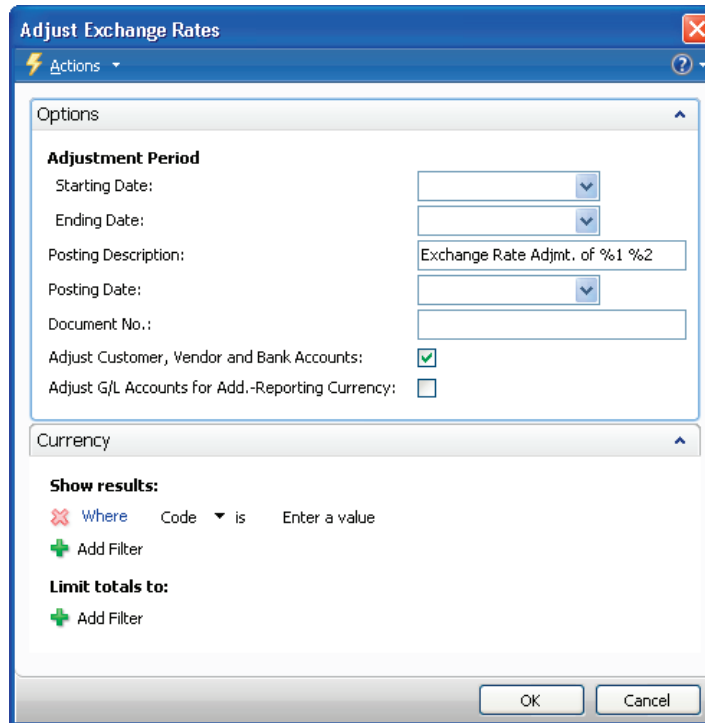


FIGURE 9.7 ADJUST EXCHANGE RATES

The **Options** FastTab has the following fields:

- **Starting Date** - identifies the first date to use for locating and adjusting transactions. Generally, this field is left blank so that all transactions are adjusted.
- **Ending Date** - identifies the last date to use for locating and adjusting transactions. This date is usually the same as the **Posting Date**. Use the **Ending Date** field to retrieve the adjustment exchange rate for the batch job in the **Currency Exchange Rates** window
- **Posting Description** - describes the general ledger entries created by the batch job.
The default text is: Exchange Rate Adjmt. of %1 %2. When you post the entries, the %1 is replaced by the currency code and %2 is replaced by the currency amount that is adjusted. This results in, for example, Exchange Rate Adjmt. of EUR 38,000.
- **Posting Date** - specifies the date on which the adjustment entries are posted.
- **Document No.** - identifies the document number that appears on the general ledger entries created by the batch job.

- **Adjust Customer, Vendor and Bank Accounts** - if this field is selected, Customer, Vendor, and Bank account entries for currency fluctuations are adjusted.
- **Adjust G/L Accounts for Add.-Reporting Currency** - if this field is selected, G/L accounts are adjusted for currency fluctuations between LCY and the additional reporting currency. This field is only relevant if you are using a variable additional reporting currency and not a fixed one, as EUR.

On the **Currency** FastTab, select the currency codes that will be adjusted by the batch job.

Step 3: Run the Adjust Exchange Rates Batch Job

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

1. Verify that filters are set appropriately.
2. Click **OK** to run the batch job.

***NOTE:** When exchange rates are adjusted regularly, it is recommended that you add new currency exchange rate lines in the **Currency Exchange Rates** window. By doing this, documents and journals are created using current exchange rates.*

*Additionally, it is recommended that existing entries are not overwritten or deleted from the **Currency Exchange Rates** window. Keeping history in this window allows traceability of exchange rate adjustments for a particular currency over time.*

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

Exchange Rate Adjustment Process for Customers and Vendors

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

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

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

Exchange Rate Adjustment Process for Bank Accounts

For bank accounts, the Adjust Exchange Rates batch job:

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

Exchange Rate Adjustment Process for G/L Accounts

If posting in an additional reporting currency, add a check mark in the **Adjust G/L Accounts for Add.-Reporting Currency** check box to create new general ledger entries for currency adjustments between LCY and the additional reporting currency.

The Adjust Exchange Rates batch job:

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

Exchange Rate Adjustment Register

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

On the Navigation Pane, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Exch. Rate Adjmt. Registers**.

In the **Exchange Rate Adjmt. Register** window, you can create each line using fields that display the:

- Type of entries adjusted
- Currency and base amount adjusted
- Adjustment amount

Demonstration: Adjust Currency Exchange Rate

Scenario: Phyllis, the accounting manager of CRONUS International Ltd., is working with the accounting department to close the month for January 2010.

Phyllis wants to capture gains and losses caused by fluctuations in the exchange rate between the local currency, GBP, and the Euro. The exchange rate as of 01/31/10 is 1.00 EUR = .65 GBP, the local currency for CRONUS International Ltd.

Phyllis plans to run the Adjust Exchange Rates batch job for Customers, Vendors, and the Bank Accounts.

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

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

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

Steps: Adjust Currency Exchange Rate

To update the **Currency Exchange Rates** window for the Euro, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Currencies**.
2. Locate and select the line for the Euro.
3. Click **Exch. Rates**.
4. Click **New**.
5. In the **Starting Date** field, enter 01/31/10.
6. In the **Exchange Rate Amount** field, enter 1.

7. In the **Relational Exch. Rate Amount** field, enter .65.
8. In the **Adjustment Exch. Rate Amt** field, enter 1.
9. In the **Relational Adjmt Exch Rate Amt** field, enter .65.
10. Close the **Currency Exchange Rates**.

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

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

1. From the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Adjust Exchange Rates**.
2. Leave the **Starting Date** field blank so that all transactions are included.
3. In the **Ending Date** field, enter 01/31/10.
4. Accept the defaults in the **Posting Description** and **Posting Date** fields.
5. In the **Document Number** field, enter ADJACY-0110.
6. Make sure that the **Adjust Customer, Vendor, and Bank Accounts** check box contains a check mark.
7. On the **Currency** FastTab, in the filter column for the **Code** field, enter EUR.
8. Click **OK**.

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

To review the customer ledger and detailed customer ledger entries for Antarcticopy, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Receivables**, and then select **Customers**.
2. Locate and select customer 32656565, Antarcticopy.
3. Click **Ledger Entries**.
4. Right/click on the column header to open the **Choose Columns** feature.
5. Select the **Original Amount (LCY)**, **Amount (LCY)**, and **Remaining Amount (LCY)** fields and then click **OK**.
6. Verify that the amounts in the **Original Amount (LCY)** and **Amount (LCY)** fields agree with the calculations in the table in the scenario.

7. In the **Amount (LCY)** field, click the field.
8. Notice that there are two entries in the **Detailed Customer Ledger Entries** window:
 - One for the initial entry.
 - One for the unrealized loss.
9. Click the second entry.
10. Click **Navigate**.
11. Click the G/L Entry line.
12. Click **Show**.
13. Review the entries for 149.02:
 - A debit to account 9320, Unrealized FX Losses.
 - A credit to account 2320, Customers, Foreign.
14. Close the **General Ledger Entries, Navigate, Detailed Cust. Ldg. Entries,** and **Customer Ledger Entries** windows.

To review the Exchange Rate Adjmt. Register, follow these steps:

1. On the Navigation Pane, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Exchange Rate Adjmt. Register**.
2. Notice that there are entries for Bank, Customer, and Vendor. Locate the line for the 149.02 adjustment.

Summary of Currency Exchange Rates

The following table provides a summary of how Microsoft Dynamics NAV 2009 uses the amounts in the **Currency Exchange Rates** window.

Task	Fields used from Currency Exchange Rates window	How fields are used
Entering a default exchange rate for journals and documents	(1) Exchange Rate Amount(2) Relational Exch Rate Amount (3) Starting Date	Starting Date compared to Posting Date on journal or document. The latest entry with Starting Date <= Posting Date is determined and fields (1) and (2) are used to calculate the default exchange rate.

Task	Fields used from Currency Exchange Rates window	How fields are used
Adjusting the exchange rate of posted customer/vendor, bank account and G/L entries.	(a) Adjustment Exch Rate Amount (b) Relational Adjmt Exch Rate Amt(c) Starting Date	Starting Date compared to Ending Date in Adjust Exchange Rates batch job. The latest entry with Starting Date <= Ending Date is determined and fields (a) and (b) are used to calculate the adjustment exchange rate.

Lab 9.3 - Update the USD:GBP Exchange Rate

Scenario

At the end of January 2010, the relational exchange rate amount between USD and LCY is 100 USD = 50 GBP. Because there are customers and vendors that use USD as their default currency, you must run the Adjust Exchange Rates batch job.

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

Challenge Yourself!

1. Update the exchange rate and run Adjust Exchange Rates batch job.
2. Review the customer ledger entry for Spotsmeyer.

Need a Little Help?

1. Review the customer ledger entry for Spotsmeyer.
2. Update the exchange rate using the Exchange Rates button from the Currencies window.
3. Locate the Adjust Exchange Rates batch job in Periodic Activities under Currency, run the batch job.
4. Review the updated customer ledger entry for Spotsmeyer.

Step by Step

1. From the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Receivables**, and then select **Customers**.
2. Locate and select customer 01121212, Spotsmeyer, .
3. Click **Ledger Entries** to open the **Customer Ledger Entries** window.
4. Note the amount in the **Amount (LCY)** field is 153.50
5. Close all open windows.
6. In the Navigation Pane, click **Periodic Activities**, click **Currency** and then select **Currencies**.
7. Locate and select USD.
8. Click **Exch. Rates**.
9. Click **New**, to insert a new line.
10. In the **Starting Date** field, enter 01/31/10.
11. In the **Exchange Rate Amount** field, enter 100.
12. In the **Relational Exchange Rate Amount** field, enter 50.

13. In the **Adjustment Exch. Rate Amount** field, enter 100.
14. In the **Relational Adjmt. Exch. Rate Amt.** field, enter 50.
15. Close all forms.
16. In the Navigation Pane, click **Currency** and then select **Adjust Exchange Rates**.
17. In the **Starting Date** field, leave the field blank.
18. In the **Ending Date** field, enter 01/31/10.
19. In the **Document Number** field, enter ADJUSD-0110.
20. Ensure that the **Adjust Customer, Vendor, and Bank Accounts** check box contains a check mark.
21. Ensure that the **Adjust G/L Accounts for Add.-Reporting Currency** check box does not contain a check mark.
22. On the **Currency** FastTab, set a filter for USD.
23. Click **OK**.
24. In the Navigation Pane, click **Receivables** and then select **Customers**.
25. Locate and select customer 01121212, Spotsmeyer.
26. Click **Ledger Entries** to open the **Customer Ledger Entries** window.
27. Note the amount in the **Amount (LCY)** field.
28. Click the field to open the **Detailed Customer Ledger Entries** window.
29. Notice that there is a separate entry for the adjustment to the original posted amount.
30. Click the new ledger entry.
31. Click **Navigate** to open the **Navigate** window, and on the G/L Entry line, click **Show**.
32. Note the two lines created for the adjustment to Spotsmeyer.
33. Close all windows.

Additional Reporting Currency

Microsoft Dynamics NAV 2009 enables companies to record general ledger transactions in both the local currency (LCY) and an Additional Reporting Currency (ACY). The main purpose for using an Additional Reporting Currency is to generate reports that are more meaningful to users of financial statements and other reports.

After an Additional Reporting Currency is set up, Microsoft Dynamics NAV 2009 automatically:

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

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

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

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

Set Up an Additional Reporting Currency

The setup required to use an Additional Reporting Currency is:

- Select general ledger accounts for posting exchange rate adjustments.
- Specify the exchange rate adjustment method for General ledger accounts.

- Specify the exchange rate adjustment method for VAT entries.
- Enable the additional reporting currency.

Select General Ledger Accounts for Posting Exchange Rate Adjustments

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

To open the **Currency Card** window, from the Navigation Pane, click **Departments**, click **Financial Management**, click **Periodic Activities**, click **Currency** and then select **Currencies**.

For the currency used for the Additional Reporting Currency, selections must be made in the following fields:

- Realized Gains Account
- Realized Losses Account
- Unrealized Gains Account
- Unrealized Losses Account
- Realized G/L Gains Account
- Realized G/L Losses Account
- Residual Gains Account
- Residual Losses Account

Click the drop-down list in each field to specify the G/L accounts to use when posting. The fields are discussed in the "Currency Card and Currency Exchange Rates" lesson of this content.

Specify Exchange Rate Adjustment Method for G/L Accounts

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

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

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **General Ledger**, and then select **Chart of Accounts**.
2. Locate and select the account.
3. Click the **Reporting** FastTab.
4. In the **Exchange Rate Adjustment** field, click the drop-down list and select the correct method.

The options are as follows:

- **No Adjustment:** No exchange rate adjustment is made to the account. This is the default selection.
- **Adjust Amount:** The LCY amount field is adjusted for any exchange rate gains or losses.
- **Adjust Additional-Currency Amount:** The **Additional Currency Amount** field is adjusted for any exchange rate gains or losses.

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

Specify Exchange Rate Adjustment Method for VAT Entries

When using an Additional Reporting Currency, you can use the **VAT Exchange Rate Adjustment** field in the **General Ledger Setup** window to determine how the accounts set up for VAT posting in the **VAT Posting Setup** window are adjusted for exchange rate fluctuations. Adjustments between LCY and the Additional Reporting Currency are calculated when the **Adjust Exchange Rates** batch job is run.

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

1. From the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **General Ledger Setup**.
2. Click the **Reporting** FastTab.
3. In the **VAT Exchange Rate Adjustment** field, click the drop-down list to make a selection.

The options are the same as those for general ledger entries, but in this case the selection is applied to VAT entries. The options are as follows:

- **No Adjustment** - no exchange rate adjustment is made to the VAT account. This is the default selection.
- **Adjust Amount** - the LCY amount field is adjusted on the VAT account for any exchange rate gains or losses.
- **Adjust Additional-Currency Amount** - the **Additional Currency Amount** field on the VAT account is adjusted for any exchange rate gains or losses.

Enable the Additional Reporting Currency

When the Additional Reporting Currency is enabled, Microsoft Dynamics NAV 2009 runs a batch job to update previously posted entries. The Adjust Add. Reporting Currency batch job:

- Uses the exchange rate from the **Currency Exchange Rates** window that is valid on the work date.
- Calculates the Additional Reporting Currency amounts based on the LCY amounts on existing entries.
- Posts residual (rounding) amounts that occur on conversion of LCY to Additional Reporting Currency:
 - To the **Residual Gains Account** or **Residual Losses Account** specified in the **Currencies** window.
 - Using the posting date and document number from the original general ledger entry.
- Posts a rounding entry on the closing date of each closed year to the Retained Earning account. This ensures that the ending balance of the income accounts in closed years is zero (0) for both LCY and the Additional Reporting Currency.

NOTE: To enable an Additional Reporting Currency, the **Residual Gains Account** and **Residual Losses Account** must be set up for the currency.

To select an Additional Reporting Currency, follow these steps:

1. On the Navigation Pane, click the **Departments** button, click **Administration**, click **Application Setup**, click **Financial Management**, click **Finance**, and then select **General Ledger Setup**.
2. Click the **Reporting** FastTab.
3. In the **Additional Reporting Currency** field, click the drop-down list and select the additional currency to report in from the **Currencies** window.
4. Click **OK**.
5. Click **Yes** to change the additional reporting currency.

The **Adjust Add. Reporting Currency** batch job opens.



FIGURE 9.8 ADJUST ADD. REPORTING CURRENCY

The Adjust Add. Reporting Currency batch job contains the following fields:

- **Additional Reporting Currency** - contains the additional reporting currency selected in the **General Ledger Setup** window. Click the drop-down list to update the exchange rate to use to convert the LCY amounts to the Additional Reporting Currency.
- **Document No.** - identifies Document number to use for the entry created by the batch job that is posted to the retained earnings account. For the residual amount entries, the original transaction document number applies.
- **Retained Earnings Acc.** - specifies the retained earnings account for the batch job to use in posting. This account must be the same as the account that was used by the **Close Income Statement** batch job.

To process the Adjust Add. Reporting Currency batch job, follow these steps:

1. In the **Document No.** field, enter a document number.
2. In the **Retained Earnings Account** field, click the drop-down list and select an account.
3. Click **OK** to run the batch job.

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

- General ledger entries
- VAT entries
- Value entries
- Job Ledger entries
- Production Order Line entries

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

NOTE: The additional reporting currency will only be enabled after you click the **OK** button in the **Adjust Add. Reporting Currency** batch job window.

View ACY Amounts in Windows

The fields related to Additional Reporting Currency can be displayed in various windows, including the:

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

For example, in the **Chart of Accounts** window, open the **Choose Column** feature to select the **Additional-Currency Net Change**, **Add.-Currency Balance at Date**, and **Additional-Currency Balance** fields.

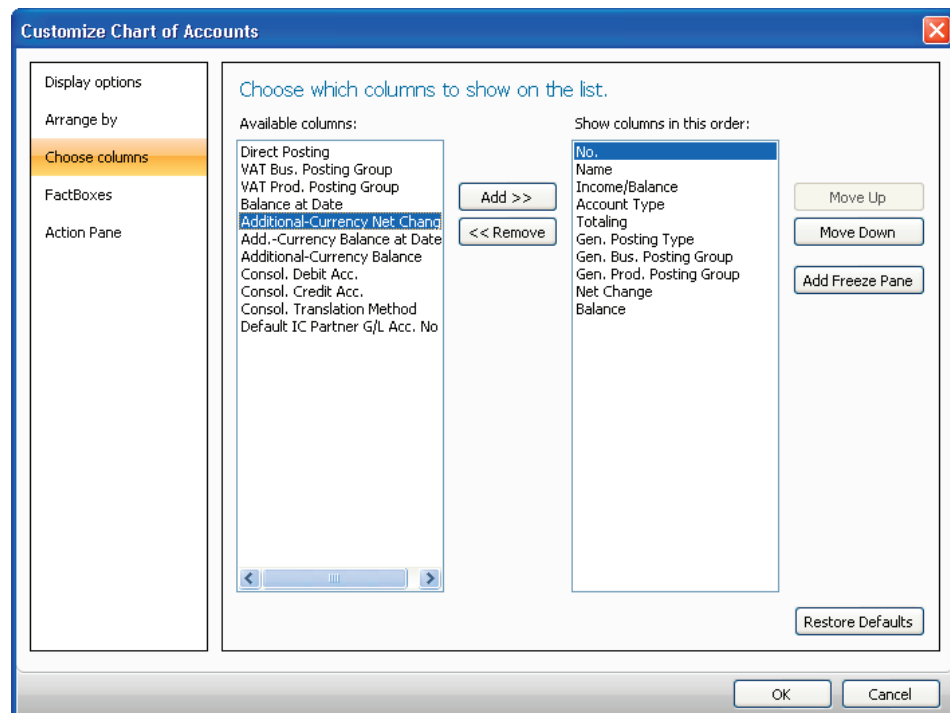


FIGURE 9.9 CHOOSE COLUMNS

In the **Analysis by Dimensions** and **Account Schedule Overview** windows, select the **Show Amounts in Add. Reporting Currency** field on the **Options** FastTab to view the data in the Additional Reporting Currency.

When the data is displayed in the Additional Reporting Currency, it can be exported to Microsoft® Excel® from both the **Acc. Schedule Overview** and **Analysis by Dimensions** windows.

***NOTE:** The **Adjust Add. Reporting Currency** batch job deletes Analysis View entries unless the **Blocked** field in the **Analysis View** window is selected before you activate the Additional Reporting Currency. The Analysis Views must be updated for entries to be available.*

View ACY Amounts in Reports

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

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

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

Daily Processing

There are no special steps required when processing daily activity using an Additional Reporting Currency. When using an Additional Reporting Currency:

- Enter exchange rates in the **Currency Exchange Rates** window.
- Process transactions as usual.

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

Adjust Exchange Rates Batch Job

Periodically, typically at the end of the month, the **Adjust Exchange Rates** batch job is run to record exchange rate fluctuations between the LCY and the Additional Reporting Currency. The batch job:

- Calculates the differences for each general ledger entry by using the contents of the **Currency Exchange Rates** window.
- Adjusts the general ledger entry based on the contents of the **Exchange Rate Adjustment** field on the G/L account.

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

Lab 9.4 - Adjust the ACY Exchange Rate

Scenario

You must update the additional reporting currency for the Danish krone, DKK, for the exchange rate on 01/31/10. The exchange rate at the end of the month is 100 DKK = 10 GBP.

Challenge Yourself!

1. Update the exchange rate for the additional reporting currency.
2. Run the Adjust Exchange Rates batch job to update the ACY.

Need a Little Help?

1. Open the **Currencies** window.
2. Select the Danish krone.
3. Open the **Currency Exchange Rates** window.
4. Update the rates as specified in the scenario.
5. Run the Adjust Exchange Rates batch job to update the ACY.

Step by Step Solution

1. On the Navigation Pane, click the **Departments** button, click **Financial Management**, click **Periodic Activities**, click **Currency**, and then select **Currencies**.
2. Locate and select DKK.
3. Click **Exch. Rates**.
4. In the **Starting Date** field, enter 01/31/10.
5. In the **Exchange Rate Amount** field, enter 100.
6. In the **Relational Exchange Rate Amount** field, enter 10.
7. In the **Adjustment Exch. Rate Amount** field, enter 100.
8. In the **Relational Adjmt. Exch. Rate Amt.** field, enter 10.
9. Close all windows.
10. In the Navigation Pane, click **Currency** and then select **Adjust Exchange Rates**.
11. Leave the **Starting Date** field blank.
12. In the **Ending Date** field, enter 01/31/10.
13. In the **Document Number** field, enter ADJACY-0110.
14. Click to remove the check mark in the **Adjust Customer, Vendor, and Bank Accounts** check box.

15. Add a check mark in the **Adjust G/L Accounts for Add.-Reporting Currency** check box.
16. On the **Currency** FastTab, set a filter for DKK.
17. Click **OK**.

