

This is the chapter from SF manual that was started but then removed because MC is not ready, in the interests of publishing the SF manual.

Chapter 1 Currencies

It is possible to use more than one currency with SAMCO Power Accounting. Several areas of the software make use of multi-currency features. Accounts Payable, Accounts Receivable, Inventory, Purchasing and Billing. Most often multiple currencies are used for:

- Selling to customers in foreign currencies
- Vendors from whom you purchase in foreign currencies

In order to use different currencies correctly in other areas of the software you must first setup the codes used to represent the currencies.

To Begin

Select the *Currencies* menu in *System Functions* and then select Enter, enter a currency code or press **[F1]** you will see the following screen:

P-135:SF - Currencies, enter

File Edit AR IC DE SA AP PC GL FA IC PO BB PJ CL EP PS RP TA TR EQ PER SM PA DX SR MS MP CM SF Help

Currencies Your Company Name Here.

Enter

1. Currency code

2. Description

3. Exchange rate to base

4. Exchange acct.

5. Liability acct.

Make changes, press F1 for next, or press F3 to delete
 Field number to change ?

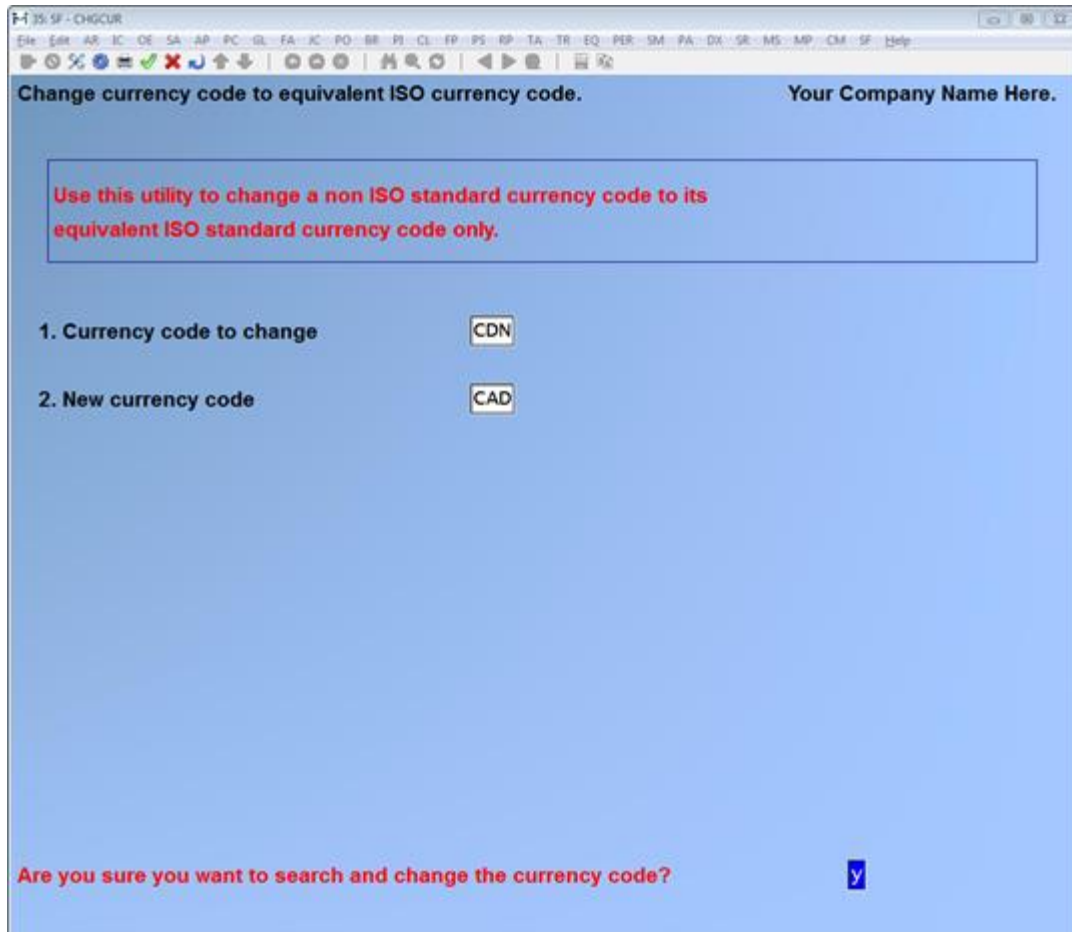
1. The currency code
2. The description of the code.
3. The Exchange rate to base.
4. The Exchange account.
5. The Liability account.

Print

At this menu you can print a range/list of the currency codes available in the system.

Change Currency Code

From this menu you can change your non-ISO standard currency codes to a standard code. You need to know the correct codes and heed the warnings.



Multi-Currency

Overview

Multi-currency support has been incorporated into the Accounts Payable, Accounts Receivable, Inventory, Purchasing Plus/Order and Order Entry modules to accommodate:

- Clients to whom you sell in foreign currencies
- Vendors from whom you purchase in foreign currencies

When a voucher for a foreign currency vendor is posted, the Accounts Payable distributions to the General Ledger are reworked to make allowance for the foreign currency exchange rate. Accounts Payable detail at the vendor level is in the vendor's currency. The General Ledger reflects Accounts Payable information in the company's base currency and uses an offsetting exchange account for the differences.

When an invoice for a foreign currency customer is posted, the Accounts Receivable distributions to the General ledger are reworked to make allowance for the foreign currency exchange rate. Accounts Receivable detail at the customer level is in the customer's currency. The General Ledger reflects Accounts Receivable information in the company's base currency and uses an offsetting exchange account for the differences.

As currencies fluctuate and payments are made to vendors or received from customers, the realized gains/losses are calculated and accounted for in the General Ledger. Original and modified exchange rates are not tracked by the software at this time. Manual records are suggested. Exchange rates should be reviewed and the system modified on a periodic basis as indicated by the activity in the respective money markets. Adjusting entries in the General Ledger should be created to reflect the base currency equivalent for the foreign currency cash and control accounts.

In Accounts Receivable, new fields have been added for printing the **customer's** currency, the description of the currency and the currency rate.

In Accounts Payable, new fields have been added for printing the **vendor's** currency, the description of the currency and the currency rate.

In Purchasing, a new field has been added that defaults to the currency of the selected vendor. All costs entered must be in this currency and **not** in the base currency. When a receiving is posted to inventory, the item's base cost is recalculated using the exchange rate for the currency code on the Purchase Order. However, from a vouchering standpoint, the Purchase Order remains in its original state since payment is assumed to be made in the currency specified on the Purchase Order.

In Inventory, an item's base cost is in the currency of the vendor from whom it is purchased. An item's replacement cost is the base cost times the exchange rate times the factor code (if used). The General Ledger reflects the value of Inventory in the company's base currency.

In Job Cost, all amounts are recorded in the base currency including billed amounts, cash receipts and vendor costs.

Preparatory Work

1. Determine which currencies will be used.
2. Determine the exchange rate to base for each currency that will be used. For example, the exchange rate would be 1.52 if you require \$1.52 of the base currency to equal 1 unit of the foreign currency.
3. Determine which General Ledger accounts will be used as the cash and exchange accounts for each currency that will be used.

e.g. Cash Account - # 12547-98 - USD 1010-000

Gain or Loss on Exchange - USD 8888-000

4. Determine which General Ledger accounts will be used as the foreign currency control accounts for Accounts Payable and Accounts Receivable.

e.g. Accounts Payable - USD 2001-000

Accounts Receivable - USD 1101-000

5. Determine from which vendors you purchase in a foreign currency and what that currency is.
6. Determine which items you purchase from each of the vendors determined above.
7. Determine to which customers you sell in a foreign currency and what that currency is.
8. Determine which financial statements will require modification to accommodate the new asset and liability accounts.
9. Determine which forms in Accounts Payable, Purchasing Plus, Accounts Receivable and Order Entry will require modification to accommodate a foreign currency.
10. Determine which Purchase Orders have not been received and/or vouchered. You will be required to modify these transactions manually prior to receiving or vouchering.
11. Determine which Orders, Quotes and RMAs remain outstanding in Order Entry. You will be required to modify these transactions manually prior to issuing an invoice or a credit memo for these transactions.

Set-up

1. System Functions
 - a. Customization

System Functions >> Customization

Type the activation key supplied to you for this module <ENTER> and answer Yes to turn on Multi-currency processing.

b. Company Data

System Functions>>Company Data

Set the Foreign currency field to “Y”; set the base currency to CDN

c. Currencies

System Functions>>Currencies

Set up each of the currencies that will be used. Ensure that you set up one of the currencies as the base currency (CAD). Most common currency codes are CAD - Canadian dollar; USD - American (US) dollar; EUR - European Union Currency.

Code: A unique 3 character code.

Description: 25 characters

Exchange rate to base: Enter the amount of the base currency required to equal 1 of this currency. For example, you might enter 1.52 if you require \$1.52 of the base currency to equal 1 unit of the foreign currency.

Exchange account: The corresponding GL account to apply gains and losses on exchange for this currency. You will probably have one account for each currency type. This account is usually a P & L type account.

General Ledger

d. Accounts for Foreign currencies

General Ledger>>Chart of Accounts>>Enter

Set up the cash, exchange and control accounts for each of the foreign currencies as determined in Preparatory Work.

Note: The General Ledger, Chart of Accounts does not allow you to override the base currency on any account. It is assumed that all account balances are in the base currency. You **must** go to the Accounts Receivable and Accounts Payable modules and change the currency of the cash account; else the default is the base currency.

e. Financial Statements

General Ledger>>Statement Layouts

Modify the layout(s) of the applicable financial statements to include the accounts added to the Chart of Accounts.

Accounts Receivable

f. Cash account(s)

Accounts Receivable>>F2>>Setup>>Cash accounts

Use this feature to specify the currency of the foreign currency Cash Account (e.g. 1010-000 Cash Account - # 12547-98 - USD).

g. A/R account(s)

Accounts Receivable>>F2>>Setup>>A/R accounts

Use this feature to specify the accounts receivable control account for foreign currency transactions (e.g. 1101-000 Accounts Receivable - USD).

h. Customer using Foreign currency

Accounts Receivable>>Customers>>Enter

For each customer to whom you will be selling in a foreign currency, access the customer record and specify the currency in which the

customer conducts business with you and specify the applicable A/R account on the second display screen. Ensure that the customer's tax group and default taxes are correct. If taxes are charged, they too will be converted to the foreign currency in which the customer conducts business.

- i. Forms reflecting Foreign currencies

Accounts Receivable>>F2>>Setup>>Forms

You may wish to modify your current form layout(s) to include one or more of the customer's currency, the description of the currency and the currency rate fields.

Accounts Payable

- j. Cash account(s)

Accounts Payable>>F2>>Setup>>Cash Accounts

Use this feature to specify the currency of the foreign currency Cash Account (e.g. 1010-000 Cash Account - # 12547-98 - USD).

- k. A/P account(s)

Accounts Payable>>F2>>Setup>>A/P accounts

Use this feature to specify the accounts payable control account for foreign currency transactions (e.g. 2001-000 Accounts Payable - USD).

- l. Vendor using Foreign currency

Accounts Payable>>Vendors>>Enter

For each vendor from whom you will be purchasing in a foreign currency, access the vendor record and specify the currency in which the vendor conducts business with you and specify the applicable A/P account on the second display screen.

m. Forms reflecting Foreign currencies

Accounts Payable>>F2>>Setup>>Forms

You may wish to modify your current form layout(s) to include one or more of the vendor's currency, the description of the currency and the currency rate fields.

Inventory Management

n. Factor codes

Inventory Management>>F2>>Setup>>Factor Codes

Factor codes should no longer make allowance for foreign exchange. Changes should be made accordingly.

o. Items

Inventory Management>>Items>>Enter

Ensure that items purchased in foreign currency reflect the correct vendor(s) on the item record. The base cost of an item is determined by the currency of the vendor from whom it is purchased. The base cost is converted to replacement cost which is always in the base currency.

Order Entry

p. Forms reflecting Foreign currencies

Order Entry>>F2>>Setup>>Forms

You may wish to modify your current form layout(s) to include one or more of the customer's currency, the description of the currency and the currency rate fields.

General Ledger Entries Using Foreign Currency

Accounts Receivable/Order Entry

a. Invoices & Credit Memos

Invoices and credit memos are generated in the currency of the customer. When an invoice or credit memo is posted the software will make entries in accordance with the following:

Accounts Receivable - USD 249.00

Sales 292.08-

Gain or Loss on Exchange 53.08

b. Cash Receipts

Cash Receipts are received and deposited in the currency of the vendor. When a cash receipt is posted the software will make entries in accordance with the following:

Accounts Receivable - USD 249.00-

Cash Account - # 12547-98 - USD 249.00

Accounts Payable/Purchasing Plus/Inventory Management

a. Vouchers

Vouchers are entered in the currency of the vendor. When a voucher is posted the software will make entries in accordance with the following:

Accounts Payable - USD 100.00-

Inventory Clearing Account 116.00

Gain or Loss on Exchange 16.00-

b. Cheques

Vouchers are issued (paid) in the currency of the vendor. When a cheque is posted the software will make entries in accordance with the following:

Accounts Payable - USD 100.00

Cash Account - # 12547-98 - USD 100.00-