



## Article # 1248

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### Technical Note: Understanding the Multicurrency Feature in Accounts Payable

**Difficulty Level:** Beginner Level AccountMate User

**Version(s) Affected:** AccountMate 7 for SQL and Express  
AccountMate 6.5 for SQL and MSDE  
AccountMate 6.5 for LAN

**Module(s) Affected:** AP

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#### DESCRIPTION

Nowadays, It is common to find North American-based companies that procure goods and services from Africa, Asia, or South America. If your company conducts business heavily with foreign vendors, you may find that a significant portion of your payables are in foreign currency. AccountMate's Accounts Payable multi-currency feature handles the significant aspects of multi-currency transaction processing automatically; making it easy for you to transact business with foreign vendors. You can record vendor transactions in foreign currencies, revalue multi-currency AP invoices, and recognize foreign exchange gains and losses. You can also transfer to General Ledger the multicurrency transactions in both home and foreign currencies.

This Technical Note discusses how the Accounts Payable multicurrency feature may be used to conduct business in or with vendors using foreign currencies. It also enumerates the Accounts Payable reports that display values in both home and foreign currencies and discusses the AP multi-currency feature's limitation.

#### SOLUTION

##### A. How to activate and use the multicurrency feature in Accounts Payable

The following paragraphs discuss the step-by-step procedures necessary to activate and to utilize the multicurrency feature in the Accounts Payable module.

1. You must first activate the multicurrency feature in order to use it. To do this, follow these steps:
  - a. Access the AP Module Setup function from the Housekeeping menu.

- b. In the General (2) tab mark the Use Multi-Currency checkbox.
- c. When the Currency Exchange Method window is displayed, choose the method to define the exchange rates between the home currency and any foreign currencies. Select either of these options:
  - 1 Unit Home Currency = N Units Foreign Currency  
This method configures the exchange rate as the ratio of the number of foreign currency units that is equivalent to one unit of home currency.
  - N Units Home Currency = 1 Unit Foreign Currency  
This method configures the exchange rate as the ratio of the number of home currency units that is equivalent to one unit of foreign currency.
- d. Click OK to save your settings and to return to the AP Module Setup function window.
- e. Go to the GL Accounts tab, and assign a GL Account ID in the Unreal. Exch. Gain/Loss field. This GL Account ID will be used in posting any unrealized foreign exchange gains or losses resulting from the revaluation of multicurrency AP invoices.

**Note:** Once you activated the multicurrency feature, you can no longer deactivate it. Activating multicurrency in the Accounts Payable module automatically activates multicurrency in the Purchase Order module of the same company, and vice versa.

2. Set up currency code records using the Currency Code Maintenance function.
  3. Before recording multicurrency transactions, you must first assign currency codes to the applicable Maintenance functions:
    - Vendor-Settings tab  
The currency code assigned in the vendor record will be used in recording the vendor's transactions—AP invoices, prepayments, checks, etc.
    - Bank Account-Information tab  
The currency code assigned in the bank account record will be used in recording the bank's transactions—checks, etc.
- Note:** Assigning a currency code in the vendor and bank account records is a one-time setup. You cannot change the currency code once the vendor or bank account record is saved.
4. When you have assigned currency codes to the vendor and bank account records, you are then ready to record multicurrency transactions and specify the exchange rates in the following functions and tabs:
    - Post Vendor Beginning Balance
    - AP Invoice Transactions (Information tab)
    - Prepayment Transactions

- Post Handwritten Check
- Print Computer Check
- Multi-Currency Revaluation (not available in AccountMate 6.5 for LAN)

**Notes:**

- *Refer to the AccountMate Online Help and Electronic Manual for more details on how to use each function.*
  - *You may either accept or amend the currency code's default exchange rate when posting vendor balances, recording transactions, or revaluing multicurrency AP invoices.*
  - *Foreign exchange gains or losses may arise when the currency exchange rate fluctuates between the time of the initial transaction and its consummation or settlement. For example, when the currency exchange rates change from the time of posting an AP invoice and paying an AP invoice, AccountMate automatically calculates and records any foreign exchange gain or loss.*
5. To verify accuracy of multicurrency transactions, you may generate certain reports that show the amounts in their foreign currencies. For more details, refer to section B of this document.

**B. Reports that show multicurrency values**

The following reports show the transaction amounts in foreign currencies:

- Multi-Currency Reports
  - Currency Code Listing
  - AP Currency Gain/Loss Report
  - AP Check Multi-Currency Report

Certain reports provide the flexibility to show the transaction amounts either in home currency only or in both home and foreign currencies. To view the amounts in foreign currencies, mark the "Show Multi-Currencies" checkbox on the interface of the following reports:

- Invoice Reports
  - AP Invoice Summary Report
  - AP Invoice Detail Report
  - Reversed Accrued Received Goods Report
  - AP Invoice Voucher # Report
  - Finance Charge Report
  - Deleted Invoice Report
- Aging Reports
  - Forecast Aging Report
  - Past-Due Aging Report
- Discount Reports
  - Suggested Discount Report
  - Discount Taken Report
  - Discount Lost on Paid Invoices Report
  - Discount Lost on Open Invoices Report

- Cash Requirement Report
- Check Reports
  - Check Register Report
  - On-Hold Checks Report
  - Check Distribution Report
  - Factor Payment Report
  - Void Check Report
  - Outstanding Check Report
  - Cancelled Check Report
- Payment Reports
  - Unapplied Payment Report
  - Applied Payment Report

### **C. Limitation**

The AP multi-currency feature does not allow recording of credit card payments for foreign currency vendors.

As business continues its trend towards globalization, an understanding of foreign currencies and the ability to do business in them is becoming increasingly important. Proper management of your foreign vendor transactions is vital not only to remain competitive in the international market but also to correctly reflect the accounts payables in your financial statements.

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