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Course Overview

Currency Conversion Module Description

The purpose of the IDEAS Currency Conversion (CC) module is to convert selected journal transactions from one currency to one or more currencies and to create the gain/loss journal, which is used to set up the exchange fluctuations resulting from the conversion of the accounting entries. Currencies and their precision are defined to do necessary conversions. Rates are entered by the users; these rates can be the same for the entire month or a daily rate. The rate allows the conversion from one currency to another.

Course Description

This class provides an overview of the IDEAS Currency Conversion modules and then covers CC implementation, including CC administration, Rate table maintenance, Journal table administration and Account List administration. The class then reviews CC monthly processing.

Audience, Course Level and Prerequisites

This basic level class is recommended for those who use the IDEAS financial modules. The recommended prerequisites for this course are the IDEAS User Interface Navigation course or comparable experience. Currency Conversion should be taken concurrently with the General Ledger course or immediately following General Ledger.

What You Will Learn

- Currency Conversion Overview
- Currency Conversion Implementation
  - Currency Conversion Administration
  - Journal Table Administration
  - Account List Administration
- Currency Conversion Monthly Process
  - Rate Table administration
  - Gain/Loss Calculation
Lesson One: CURRENCY CONVERSION IMPLEMENTATION

Currency Conversion Administration

To access the Currency Conversion Administration screen, from the Functions menu select Currency Codes Admin.

This function allows you to define the different currencies that the defined entities will use.

For example, if the company needs two reporting and two transactional currencies, you can define them in the “Currency Codes Administration” screen.

Select the Currency Code, its Description and the Precision (number of decimals) for each one.
In this example, we defined four currencies: USD, TND, GPB and EUR.
Functions/ Group Code Admin

Use the Account List Group Code Administration screen to create groups to associate with Account Lists. This feature allows the user to group various Account Lists for the same Target Currency into groups that can be processed during the Gain/Loss Calculation process. This can speed the processing of the Gain/Loss Calculation at month’s end by processing one or multiple groups at the same time.

The Account List Group Code Administration screen displays.

Complete the following fields.

- Ledger ID
- Target Currency
- Code
- Description
Functions/ Journal Table Admin

To access the Journal Table Administration screen, from the Functions menu select Journal Table Admin.
The Journal Table Administration screen displays.
Complete each of the following fields:

- Ledger
- Entity
- Source Currency
- Target Currency

**Segments**

Under *Segments*, complete these fields:

- **Source Segment**
- **Target Segment**
- **Spot/Rate Code**: Select *Divide* or *Multiply* depending on the rates.

For example: Source currency is EGP and target currency is USD so we are converting from the EGP Source Segment to the USD Converted from EGP Segment.
Gain and Loss

The gain/loss journal is used to set up the exchange fluctuations that occur as a result of the conversion of the accounting entries. You must define both the Gain and Loss journal and FQA.

You have the option of to separate the gain and loss accounts using the Separate Gain/Loss Accounts check box.

An unrealized Gain/Loss means that the invoice is posted into the system but not paid. In this case, the Gain/Loss is considerate as fictive until the payment is done.

Journals

Select the Source/Converted journals, otherwise the system displays error messages while performing the posting.
Examples

If we go back to the journal definition, we will see:

- Example screens showing the Source Journals (journals which update the CYSEGP Segment):

![Journal Definition Screen](image)
Example screens showing the Target Journal (journals that update the CYCUSD<EGP Segment):
Functions/ Account List Admin

To access the Account List Administration screen, from the Functions menu select Account List Admin.

On this screen, define for each currency the list of accounts that are to be included in the gain and loss process.

Select the Target Currency and then enter or select the List Name (for example, List USD (EGP)). Under Elements, from the drop-down list select ACCOUNT.
The image shows a screenshot of a software interface titled "Gain Loss Account List Administration." The interface includes fields for Ledger ID, Target Currency, List Name, and Group, along with options for Account, Cost-Center, AFE, and Bill Code. There is also a section labeled "Gain/Loss" with options for Account, Journal, CO, ACCT, CC, AFE, and BC. Additionally, there are buttons for Add to List, Delete from List, Report, and Copy List.
Under **Elements**, click the **Add to List** button and select the accounts.

After creating your list, click **Save** and then click **Close**.
Lesson Two: CURRENCY CONVERSION MONTHLY PROCESS

Functions/ Rate Table Maintenance

To access the Rate Table Administration screen, from the Functions menu select Rate Table Admin.

Define the rates and dates needed for the conversions.
Complete each of the following fields:

- **Year**: Select the year from the drop-down list.
- **Month**: Select the month from the drop-down list.
- **Source Currency**: Select the currency that you wish to convert from the drop-down list.
- **Target Currency**: Select the converted currency from the drop-down list.
- **Default Rate**: Example: 1USD = 17,670000 EGP. This means that we must multiply 1USD*17,670000 to get 17,670000 EGP.
- **Operator**: Depending on the rate, choose whether the system will divide or multiply when performing the conversion.

To define one conversion rate for the whole month, click **Update All**.
To define a daily rate, click **Update Current**.
After saving, this report displays:

![Currency Conversion Rates Report]

This report shows the rates day by day.
You can also choose to import rates (From the Microsoft Excel environment, for example).
Complete the following fields.

- At the **Import From** field, select the document that you will import from.
- To import all lines, select **All Lines**, or to input a specified range, select **Range**.
- From the drop-down list, select the **Operator**.
- Complete the **Source Currency**, **Target Currency**, **Date** and **Rate** fields.

**Example**

![Currency Conversion Tool Interface]
The Microsoft Excel spreadsheet that will be used to import the rates through the Currency conversion module needs to be in the following format:

- COLUMN A: Source Currency
- COLUMN B: Target Currency
- COLUMN C: Date
- COLUMN D: Rate
Functions/ Gain/Loss Calculation

To access the Gain Loss Calculation screen, from the Functions menu select Gain / Loss Calc.

After posting all the entries, the final step of the CC Monthly procedure is to create the journal that will be posted to the General Ledger, using the Gain Loss Calculation function.
Click Execute and select the Gain Loss calculation report.
This report shows the USD and TND balances and then the Gain/ Loss for each account.

The Gain/Loss balance shows the difference between the balance that we have and the balance that we should obtain with the above rate (17.63).

(Line 1)
2,054.60 EGP *17.63= 116.54 USD but the real balance that we have equals 116.14 USD.
116.54 -116.14 = 0.40 USD (Since the result is positive, we have a gain.)

To check that the amounts are correct for the balances, in the General Ledger module under the Inquiries menu select Account Balance.
The Account Balance Inquiry screen displays. You must complete the Element tab and the Period tab before you can run the report.

**Account Balance Inquiry, Element Tab**

Select the correct accounts for each element.
Account Balance Inquiry, Period Tab

Select the segments that will be used by the system for your operations (first the source segment and then the conversion segment).

Run your report.
This report confirms that the conversion and the Gain/Loss calculation went well because it shows the same balances amounts as the report of the Gain/Loss calculation.