

A7.3 CU9 Implementation Guide

featuring the euro



JDEdwards®

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Release A7.3 CU9

What's in it for Me?

A7.3 CU9 includes significant enhancements. Although many of the enhancements are for the new European common currency, the euro, this cumulative update also includes:

- Brazilian enhancements for localization (in addition to what was included in A7.3 CU8)
- General corrections

Many of the enhancements in A7.3 CU9 were designed for countries participating in the European common currency, however companies in other countries may want to use the enhancements, which include alternate currency receipt and payment processing. Consult with your accounting department to determine whether the enhancements might be applicable to your business.



A7.3 CU9 includes enhancements for over 170 programs. One of the enhancements that has widespread impact is the no inverse/triangulation method of exchange rate calculations.

If you implement no inverse/triangulation, you *must* implement all 170 programs.

Make sure that you fully understand the implications of loading this cumulative update and how it might affect your custom programs and system environment. Even if you do not need the new functionality that is in this cumulative update, you will want to do an impact analysis before upgrading to CU9, especially if your environment is heavily customized.

Euro Overview



The European Union (EU) is introducing a new monetary unit called the euro and will subsequently phase out the national currencies of all Economic and Monetary Union (EMU) member nations. The euro will become the official monetary accounting unit.

This document describes the following:

- Economic and Monetary Union implementation
- Legal and business requirements for the euro
- J.D. Edwards software solution
- EU member nations

Economic and Monetary Union Implementation

During 1995 in Madrid, Spain, the European Council agreed that the single European currency would be named the euro in all official EU languages. It also agreed that the Economic and Monetary Union (EMU) would be introduced in the following phases:

- Phase A: EMU Launch
- Phase B: Effective Start of the EMU
- Phase C: Definitive Changeover to the Euro

Phase A: EMU Launch

Through 31 December 1998

During this phase:

- Initial member nations are selected to participate in the EMU
- The European Central Bank (ECB) is established to formulate a unified monetary policy

Phase B: Effective Start of the EMU

1 January 1999 through 31 December 2001

During this phase:

- The euro exists as a transactional currency only
- National coins and bank notes continue to be used as legal tender
- Exchange rates are irrevocably fixed between EMU national currencies and the euro on 31 December 1998
- The euro replaces the current European Currency Unit (ECU)
- Individual EMU member nations transfer monetary responsibilities to the independent European System of Central Banks (ESCB)
- Private organizations, including commercial banks, are allowed to transact business in either the euro or national currencies

Phase C: Definitive Changeover to the Euro

1 January 2002 through, at the latest, 30 June 2002

During this phase:

- Euro bank notes and coins begin to be issued
- References to national currencies in contracts are converted to euros without any other changes in terms and conditions
- Accounting systems must be denominated in the euro (as the base currency)
- National notes and coins begin to be withdrawn from circulation
- The legal tender status of EMU national currencies is terminated no later than 30 June 2002

Legal and Business Requirements for the Euro

For several years, The European Commission has worked to formulate an accounting framework for the EMU environment. One of its goals is to improve comparability of consolidated accounts in the single market. To this end, the European Commission has proposed an initiative to align, where possible, EU accounting rules with international accounting standards promoted by the International Accounting Standards Committee (IASC) and the International Organization of Securities Commissions (IOSCO). The European Commission has also worked to formulate guidelines for the conversion to and operation in the euro.

Additionally, industry groups such as the Fédération des Experts Comptables Européens (FEE), which represents the accountancy profession in Europe, and the Business Application and Software Developers Association (BASDA), an industry association, have been working to formulate guidelines for software development standards regarding the euro.

To prepare for the monetary union, companies that operate in EMU member nations should do the following:

- Develop an accounting and reporting strategy for the transition period from January 1999 through December 2001
- Establish policies for transacting in specific currencies with major trading partners
- Establish policies for transacting and reporting in specific currencies with subsidiaries
- Decide when to convert the company's base currency to the euro

Companies may begin transacting business in the euro beginning on 1 January 1999, although there is no obligation to do so. This no compulsion, no prohibition principle is a key factor in complicating business transactions during the transition period. A creditor cannot require a debtor to deal in a specific currency unless agreed upon in a contract. Some suppliers will want to invoice in euros from the beginning, while others will convert as late as possible. Customers will also have varying preferences for transacting business in euros. Essentially, it means that companies must be prepared to handle multiple currencies at the transaction level beginning 1 January 1999, regardless of when they plan to change over their accounting systems.

The following topics describe some specific issues related to the introduction of the euro.

Dual Base Currencies

Multi-national companies are accustomed to translating financial results from European subsidiaries into a common currency for accounting and reporting purposes. The difference with the EMU is that for a period of time, participating member nations will have two legal currencies: their national currency and the euro.

In this environment, companies in EMU member nations may need to manage dual currencies for operational as well as reporting purposes. This means that daily business activities such as generating invoices and writing payments may be transacted and/or recorded in both the local currency and euros. In addition, subsidiaries of global companies doing business in more than one EMU member nation may need to manage up to three currencies: headquarters, local, and the euro.

Dual Pricing

To assist EMU consumers in getting accustomed to a single currency during the transition period, companies will be encouraged to provide dual pricing of goods and services at the consumer level. Trading partners will also be encouraged to do the same by providing dual price lists in their product catalogues. It is believed that by developing a sense for prices in the euro and learning to convert national currencies to euros, consumers will quickly see the benefits of the monetary union.

Third Currency Payments and Receipts

According to the no compulsion, no prohibition principle, suppliers may invoice in national currencies or euros from 1 January 1999 through 31 December 2001, and buyers may pay in national currencies or euros through, at the latest, 30 June 2002. Companies must be prepared to process customer receipts in a currency different from the original transaction currency or base currency as of 1 January 1999.

However, companies can pay supplier invoices in their national currency through, at the latest, 30 June 2002. For example, a French company that bills a German company in deutsche marks could receive payment in euros.

Exchange Rate Calculations

After 31 December 1998, international currencies will be shown only as an exchange rate against the euro. This means, for example, that the exchange rate between the German deutschemark and the French franc becomes the exchange rate between the deutsche mark and the euro. In turn, the euro will have a direct conversion to the French franc.

Monetary amounts that are converted from one national currency to another must first be converted to the euro and then converted from the euro to the other national currency. The European Commission has expressly stated that an alternative method of calculation cannot be used unless it produces the same result.

Realization

As of 31 December 1998, the exchange rates between EMU member currencies and the euro are irrevocably fixed. Because of the fixed rates, any potential gains and losses due to exchange rate fluctuations can be calculated when the rates are fixed.

In the reporting period that ends on 31 December 1998, all companies will need to realize gains and losses on exchange differences for monetary accounts, regardless of which currency is used for accounting purposes. Each EMU member nation will decide whether companies can defer recognition of exchange results in the profit and loss statement

Conversion of Historical Data

When a company is ready to convert its base currency to the euro, historical data in any monetary amount field in any table must be converted. Even after the period of dual currencies, a company might need additional historical information restated in euros for comparative reporting.

Rounding When converting a currency amount to the euro, the converted amount cannot be rounded to less than three decimals for EMU member currencies. Strict application of conversion rates will inevitably lead to fractional euro values that require price rounding. This could yield significant percentage price changes and impact profitability for low-margin, high-volume industries.

J. D. Edwards Software Solution

J.D. Edwards is well positioned to support the requirements for phased implementation of the euro. Most of the functionality required for implementation of the euro already exists in WorldSoftware. This functionality includes dual currency, multi-currency balance restatement, and multi-currency transaction processing. In addition to the existing functionality, J.D. Edwards has developed software enhancements for the euro-specific issues.

Existing Software Functionality

The following briefly describes the existing WorldSoftware functionality that you can use for euro transaction processing.

Multi-Currency General Ledger Balance Restatement	Companies can maintain an unlimited number of currencies at the account balance level. You can review side-by-side currency amounts for account comparisons both online and on reports.
Dual Currency General Ledger Detail Restatement	In addition to managing multiple currencies at an account balance level, companies can maintain two base currencies at the transaction level. A German company that chooses to operate in its national currency could continue using deutsche marks in day-to-day business and restate all general ledger transactions to the euro for reporting and business analysis purposes.
Multi-Currency Customer and Supplier Transaction Processing	Companies are able to transact business in the currency of their choice for customer and suppliers, while tracking some statistical information in the euro. A German deutschemark company, for example, can bill a French customer in francs. By using a specific field in the customer master record, certain summary information can be stored in euros, including customer credit limits and year-to-date invoice amounts

Multi-Currency Payment Processing	Companies can centralize payment processing for multi-national operations by associating user-defined payment groups with specific bank accounts. All supplier vouchers in a particular currency can be paid from a bank account that deals in that currency.
Multi-Currency Pricing	Companies have the flexibility to establish base prices and adjustments by customer, customer groups, product, and product groups in unlimited currencies.
Dual Currency Fixed Asset Valuation	Companies can simultaneously record fixed assets at the detail level in different ledgers for reporting and depreciation in two currencies. Any fixed assets that are acquired during the euro transition period can be accounted for in both a company's national currency and the euro.
Flexible Fixed Asset Depreciation Rules	Using parallel ledger types, companies can depreciate assets in the euro and their base currency with user-defined, date-effective depreciation rules that can be different for each asset type. This is a significant advantage for rapid implementation of any new rules that may be established by EMU member nations.

New Software Functionality

The following lists the new software functionality, or enhancements, that J.D. Edwards has developed for euro-specific issues:

- No inverse rule and triangulation
- Alternate currency receipt processing
- Alternate currency payment processing
- Customer and supplier master conversion
- Euro pricing generation
- Realization
- Euro display
- Electronic formats

Each of these software enhancements is described in detail in this guide. The base currency conversion (E9) is described in another document.

EU Member Nations

The following table shows the year each nation was admitted to the EU and whether the nation is also an Economic and Monetary (EMU) member nation.

Year Admitted	Member Nations	EMU Member
1952	Belgium	Yes
	Germany	Yes
	France	Yes
	Italy	Yes
	Luxembourg	Yes
	Netherlands	Yes
1973	Denmark	No
	Republic of Ireland	Yes
	United Kingdom	No
1981	Greece	No
1986	Portugal	Yes
	Spain	Yes
1995	Austria	Yes
	Finland	Yes
	Sweden	No

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Exchange Rates and the Euro



On 1 January 1999, the euro will be introduced as a new monetary unit. This new currency will impact many European countries, especially EMU member countries and any countries with which they do business. The euro currency will fluctuate against the world's currencies, but not against EMU member currencies. The regulations for this new currency will affect how exchange rates are handled.

This chapter describes the following:

- Exchange rates and calculations
 - No inverse rule
 - Triangulation
- The euro in a multi-company environment
- Application outside of the EMU

Exchange Rates and Calculations

Prior to the introduction of the euro and new exchange rate regulations, J.D. Edwards WorldSoftware calculated exchange rates by using the multiplier or divisor method to derive the unknown side of an entry. This meant that the inverse of a rate was used for some exchange rates. With the euro, only the rate that corresponds to one euro is valid. This means the inverse rate can no longer be used.

One fixed exchange rate will be published for each EMU member currency. The rate will be published with six significant figures (not decimal places). It will always be published as:

1 EUR = xxxxxx national currency unit

For example, 1 EUR = 1.98166 DEM (unofficial rate) or 1 EUR = 1941.46 LIT (unofficial rate).

You will *not* see an official published rate of 1 DEM = 0.504209 EUR. The only published rates are to the euro, so there is no official exchange rate between two EMU currencies, such as German deutschemarks and French francs. Instead, the fixed exchange rate is used in both directions, converting from a national currency to the euro and converting from the euro to a national currency.

The European Community (EC) has defined strict rules for EMU member nations and how they perform exchange rate calculations. To adhere to the rules, J.D. Edwards software has incorporated the following functionality:

- No inverse rule
- Triangulation



Activating the triangulation functionality is irreversible. Once you activate it, you *cannot* turn it off. Make sure you understand the no inverse and triangulation functionality and determine whether it relates to your business before activating it.

No Inverse Rule

In accordance with rules established by the EC, EMU member nations can no longer use the inverse of the officially published rates as of 1 January 1999. The J.D. Edwards term for this legal requirement is the no inverse rule. This rule exists because using the inverse method to calculate exchange rates in the euro could produce rounding errors, especially on large amounts.

Rounding errors have always existed when using the inverse of an exchange rate. However, they have not presented a problem because exchange rates fluctuated. Now with the new euro conversion requirements, the no inverse method of calculating exchange rates reduces rounding errors. Rounding errors that occur are usually immaterial.

EC legislation states the following:

- EU council regulations specifically prohibit the use of inverse rates for converting amounts between a national currency and the euro.
- The EU national banks will no longer make rates available for member national currencies to any currency other than the euro. For example, the DEM to FRF, and DEM to USD exchange rates will no longer exist.

As of 31 December 1998, one official rate will be published and used for calculating currency conversions. Any euro exchange rates that are published before that date are based on estimates only.

For example, the deutsche mark is irrevocably fixed to the euro at an exchange rate of 1 EUR = 1.98166 DEM (unofficial rate). Likewise, the French franc is

irrevocably fixed at a rate of 1 EUR = 6.63258 FRF (unofficial rate). Thus, the deutsche mark is fixed to the euro and the French franc is fixed to the euro. In essence, the deutsche mark and the French franc are fixed to each other, even though there is no exchange rate published between the mark and the franc. This will be the case with the exchange rates between the euro and the currencies of EMU member nations.



For purposes of currency restatement, the no inverse rule/triangulation functionality is available for detailed restatement only and is not available for balance restatement. The balance restatement program uses a different rate table, which is not part of the enhancement.

The balance restatement program has been enhanced to use the override conversion method designated in the daily exchange rate table. It was enhanced so that the balance restatement does not violate the no inverse rule.

Example: Converting Irish Pounds to Euro

In the following example, the first calculation converts Irish pounds (IEP) to the euro, using the no inverse method.

The second calculation uses the reciprocal rate, which is not allowed for EMU member currencies. Notice the rounding errors that occur when the reciprocal rate is used.

Convert:

IEP 500.00 5,000.00 50,000.00 500,000.00 5,000,000.00

Using the "no inverse rule":

1 EUR = 0.765432 IEP (unofficial rate)

EUR 653.23 6,532.26 65,322.59 653,225.89 6,532,258.91

$= 500 / 0.765432$
653.23

Using the reciprocal:

Reciprocal: 1.3064517814776

6 digits - 1.30645	653.23	6,532.25	65,322.50	653,225.00	6,532,250.00
7 digits - 1.306452	653.23	6,532.26	65,322.60	653,226.00	6,532,260.00
8 digits - 1.3064518	653.23	6,532.26	65,322.59	653,225.90	6,532,259.00
9 digits - 1.30645178	653.23	6,532.26	65,322.59	653,225.89	6,532,258.90

$= 500.00 * (1 / 0.765432)$
 $= 500 * 1.30645$
653.23

Triangulation

If two companies that transact business with one another are both EMU member currencies, they must calculate their exchange rates *through* the euro. For example, a German and a French company transact business. To convert an

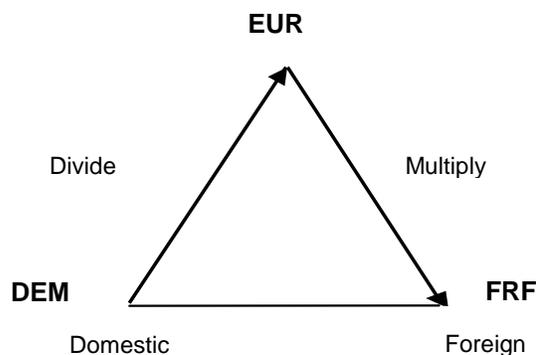
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amount from DEM to FRF, they must first convert DEM to EUR and then EUR to FRF. In this way, the DEM to FRF rate is calculated *through* the euro.

The currency conversion method between DEM and FRF is called triangulation. This method exists whenever EMU members transact business. To follow the rules of triangulation, the euro is used as a middle step when restating an EMU currency to another currency. Triangulation is required unless a company uses a cross rate that produces the same result as triangulation.

To calculate exchange rates from an EMU member currency to *any* other currency, you must calculate through the euro. For example, to calculate a rate from DEM to FRF, you must first convert DEM to EUR and then EUR to FRF. This is called triangulation.

The following graphic provides a visual representation of triangulation:



Triangulation uses the divisor method (Z) to convert *to* the euro and the multiplier method (Y) to convert *from* the euro. (Previously with the multiplier and divisor methods, when you calculated a reciprocal rate, the rate was simply the inverse of the original. This method did not combine the use of the multiplier and divisor.)

EC legislation states that:

- The officially published euro conversion rates will be used for conversions either way between the euro and national currency units.
- Cross rates are allowed in exchange rate calculations only if they provide the same result as triangulation.
- All EMU exchange rates will be published to six significant figures. For example, 1 EUR = 0.765432 IEP (unofficial rate).

Spot rates will no longer apply between euro member countries since the exchange rates are fixed. You cannot enter a spot rate for customers or suppliers associated with any currency that uses triangulation.

Companies in EMU member nations must decide whether to set up triangulation relationships for non-EMU member currencies. For example, a German company must decide whether to set up these currency relationships to calculate exchange rates between the DEM and the USD, a non-EMU member currency. If a company in an EMU member nation does *not* set up a triangulation relationship

between an EMU and a non-EMU currency, they must use a cross rate that produces the same results as triangulation.

Companies in non-EMU member nations can activate the no inverse and triangulation functionality as well. However, these companies must first determine whether spot rates are required on a transaction-by-transaction basis for non-EMU currencies. If they are required, companies should *not* activate triangulation.

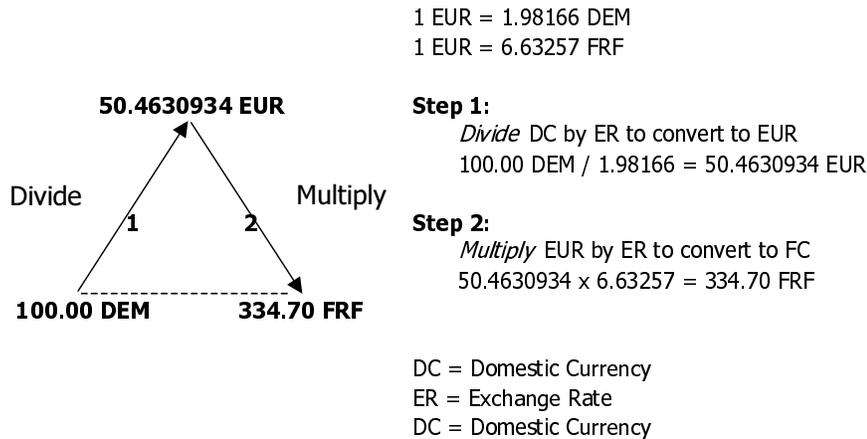
Example: Converting German Deutschemarks to French Francs

To perform a currency conversion between the DEM and FRF, you must first convert DEM to EUR (step 1) and then convert EUR to FRF (step 2).

The system performs calculations for triangulation simultaneously. In the following example, the calculation is:

$$100.00 / 1.98166 \times 6.63257 = 334.70$$

For illustration purposes only, the example shows the calculations as two separate steps.



Notice that the euro amount in the example shows to seven decimal places. That is because the AS/400 performs calculations up to that number. Do not confuse this with the exchange rates, which are published as six significant figures.

The Euro in a Multi-Company Environment

After you apply Release A7.3 CU9, the euro enhancements and the no inverse and triangulation functionality are available for your use. This does not mean that you *have* to use triangulation to calculate all exchange rates. If you use triangulation for some currency exchange rate relationships, it does not mean that you have to use it for all currency relationships within a company. You control whether a currency relationship uses triangulation.

If you have several companies operating in one environment, all companies have the euro functionality available to them. The exchange rate relationships that you set up apply to all companies in the environment. If you activate triangulation for EMU member currencies only, companies with a non-EMU base currency are not impacted.

Application Outside of the EMU

Companies outside the EMU can use the no inverse method to calculate exchange rates. This method uses an inverse rate, which reduces rounding differences that can occur, especially on larger amounts.

Companies outside the EMU can also use the triangulation method to calculate exchange rates between two currencies, but they must be aware that if they do so they *cannot* enter spot rates at the transaction level. For this reason, companies that might otherwise be interested in activating triangulation might choose not to. However, if these same companies require spot rates only at the customer and supplier level, they can activate triangulation and assign a specific address book number to a rate for a specific currency relationship.

Before Setting Up Euro Currency Relationships



Make sure you understand the no inverse rule and triangulation before you set up euro currency relationships. Once you activate this functionality, you cannot turn it off. See *Exchange Rates and the Euro* for more information about the no inverse rule and triangulation.

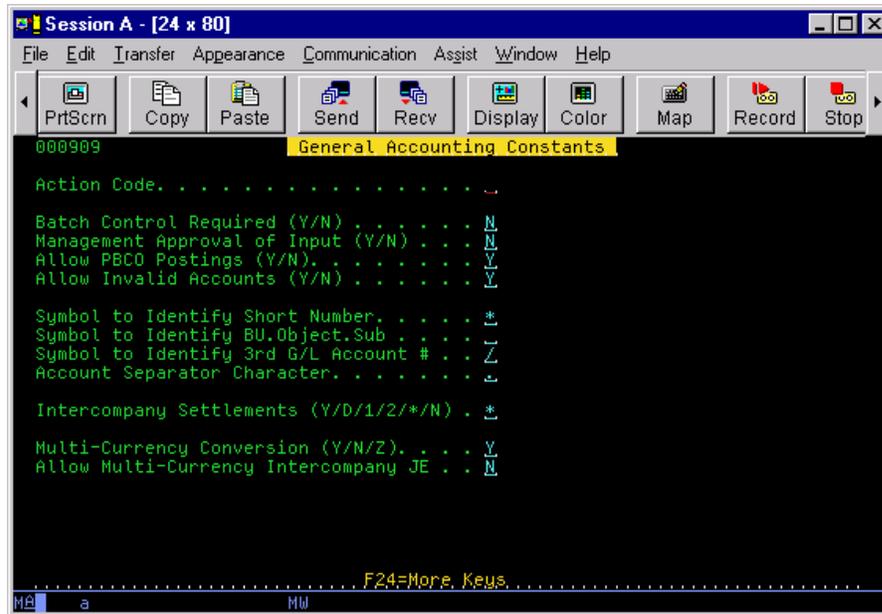
Before you set up euro currency exchange rate relationships, you must complete several tasks. This topic includes the following:

- How to activate multi-currency
- How to set up a currency code for the euro
- How to set up EMU members
- How to set up processing options
- How to verify no inverse and triangulation functionality

Companies in non-EMU countries can implement this functionality, however, they must realize that triangulation does not allow spot rates at the transaction level.

How to Activate Multi-Currency

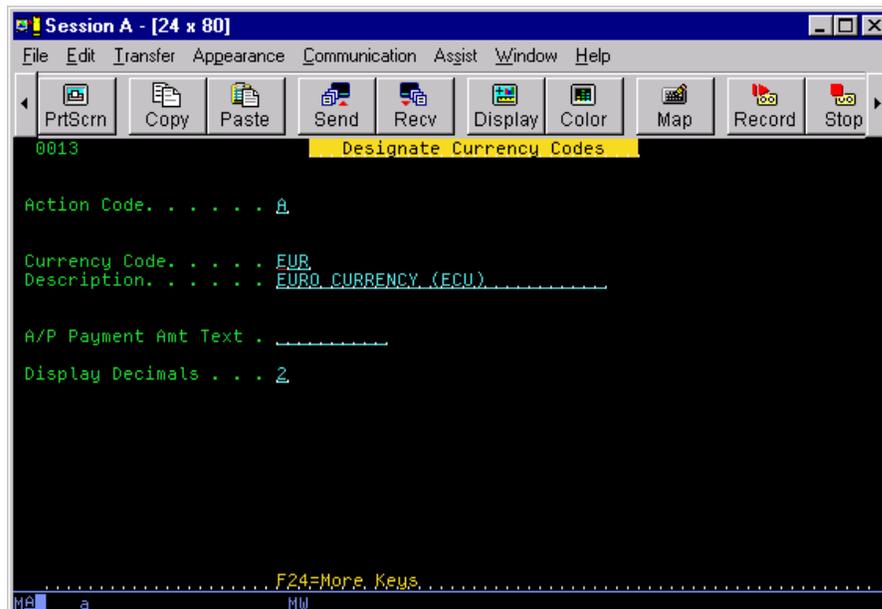
From the Multi-Currency Setup menu (G1141), choose Set Multi-Currency Option.



You must set the Multi-Currency Conversion field to Y (multiplier) or Z (divisor).

How to Set Up a Currency Code for the Euro

From the Multi-Currency Setup menu (G1141), choose Designate Currency Codes.

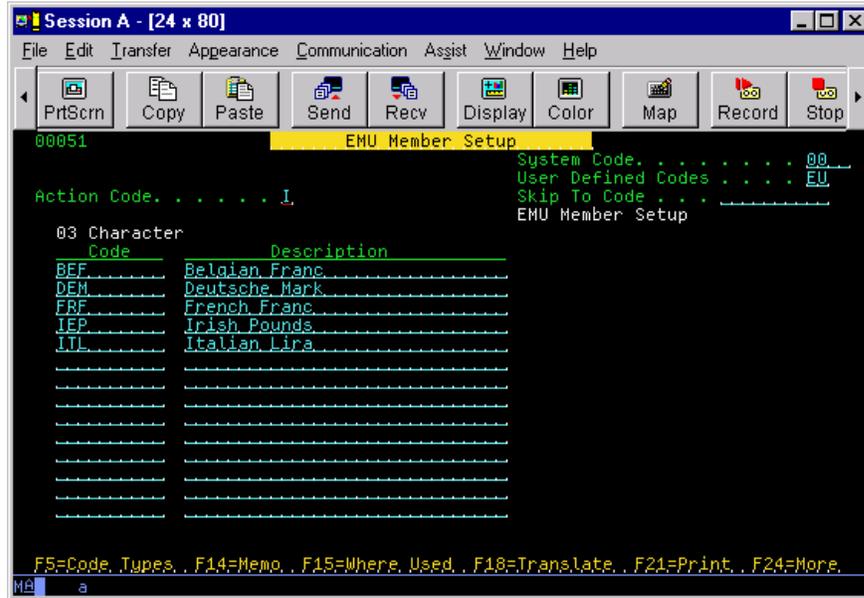


You must set the Display Decimals field to 2.

How to Set Up EMU Members

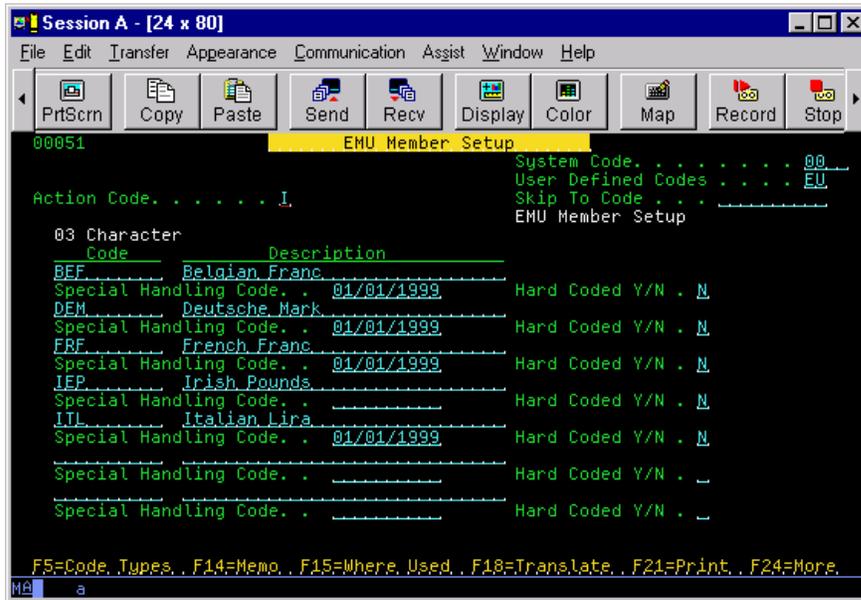
You must set up each EMU member currency in a table. Many programs verify that a valid EMU currency exists in this table before they will process certain information.

From the Multi-Currency Setup menu (G1141), choose EMU Member Setup.



You must set up all EMU member currencies in this table. This table contains some default currency codes and effective dates. Verify the existing values and add or change them as necessary. You must enter a currency code for the euro (EUR) in this table.

You enter the effective date for each currency in the Special Handling Code field in the detail area (F4).



You *must* enter the effective date in the following format, regardless of your date preferences:

MM/DD/YYYY

The effective date must be entered in this format because the Special Handling Code field is a text field, not a date field.

When you enter a transaction, programs that use the no inverse and triangulation functionality verify that the currency code associated with the transaction exists in this table. If it does, the program then compares the transaction date to the effective dates set up in this table (00/EU) and the Exchange Rates Header table (F00151). If those effective dates do not conflict, the program converts the transaction using the corresponding fixed exchange rate.

How to Set Up Processing Options

Before you set up euro currency relationships and exchange rates, you must set up processing options for the following programs:

- Set Daily Transaction Rates
- Speed Transaction Rates Entry

Set Daily Transaction Rates

From the Multi-Currency Setup menu (G1141), choose the processing options for Set Daily Transaction Rates.

Set up the processing options for euro functionality as follows:

- To display the fields that allow for no inverse and triangulation functionality, enter 1. You must set this processing option to use no inverse and triangulation, however you do not actually activate triangulation until you enter a currency in the Triangulation Currency field on the Set Daily Transaction Rates form.
- To prohibit additional exchange rates from being entered between EMU currencies after the override effective date, enter 1.



For security purposes, J.D. Edwards recommends that you remove the value in the processing option to display the no inverse and triangulation fields after you have set up exchange rates for no inverse and triangulation. This way, the no inverse and triangulation fields will no longer display.

Speed Transaction Rates Entry

From the Multi-Currency Processing menu (G11), choose the processing options for Speed Transaction Rates Entry.

Set up the processing options for euro functionality as follows:

- To use the processing option values you have set up for Set Daily Transaction Rates (P00151), enter version ZJDE0002 (euro functionality). Version ZJDE0001 is the default (no euro functionality). You can access the Set Daily Transaction Rates form by pressing F5 from Speed Transaction Rates Entry.
- To display the fields that allow for no inverse and triangulation functionality, enter 1.

How to Verify No Inverse and Triangulation Functionality

From the Multi-Currency Processing menu (G11), choose Set Daily Transaction Rates.

To verify that the no inverse and triangulation functionality is activated on your system, make sure that the following fields display on Set Daily Transaction Rates:

- Triangulation Currency
- Override Conversion Method
- Prohibit Spot Rates
- Override Effective Date

Setting Up Euro Currency Relationships



You must set up currency exchange rate relationships between EMU member currencies (these are the currencies that triangulate through the euro) *before* you set up a currency relationship for triangulation.

This topic describes the following:

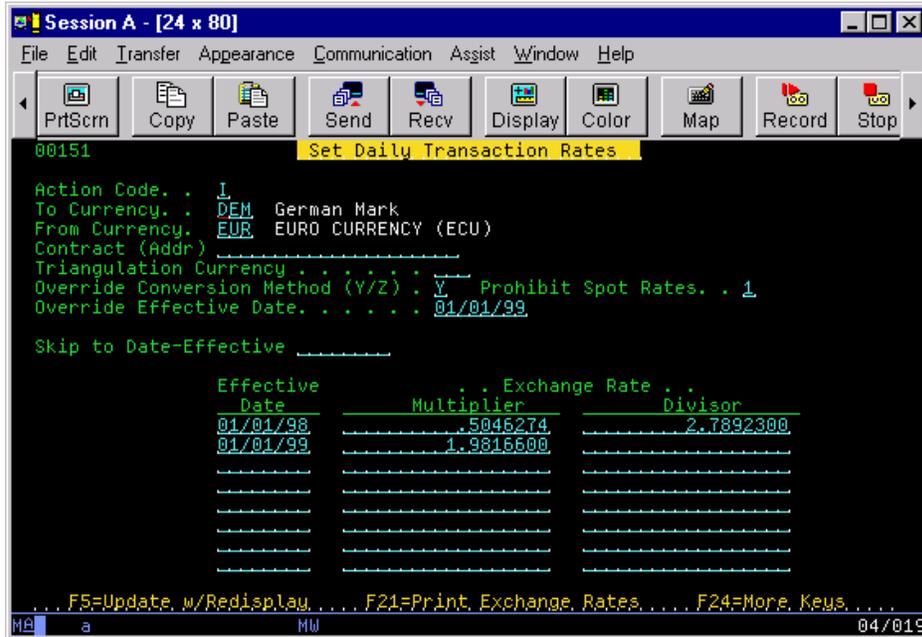
- How to set up currency exchange rate relationships between EMU member currencies and the euro
- How to set up currency relationships for triangulation
- How to view and update exchange rates



Activating triangulation functionality is irreversible. Once you activate it, you *cannot* turn off its functionality. Make sure you understand the no inverse rule/triangulation and determine whether it relates to your business before activating it.

How to Set Up Exchange Rates between EMU Currencies

From the Multi-Currency Setup menu (G1141), choose Set Daily Transaction Rates.



When you set up an exchange rate record from a currency to the euro (or vice versa), this program automatically creates a corresponding record in the other direction. For example, when you set up an exchange rate record from EUR to DEM, the program creates a record for DEM to EUR.

Be careful that you enter the correct override conversion method for the exchange rate record that you set up. The program does not edit that field. If you enter an incorrect method, the program will create a corresponding record in the other direction that will also be incorrect.

After you set up these exchange rate relationships, you can convert currencies to and from the euro. To convert currencies *between* two EMU member nations, you must also set up currency relationships for triangulation.

Remember to create an exchange rate relationship between ECU and EUR, if you have used ECU as a valid currency code.

Fields

The first four fields listed below are new fields on the Set Daily Transaction Rates form.

Field	Explanation
Triangulation Currency	<p>Enter a value only if you are setting up a currency exchange relationship for triangulation. Otherwise, leave this field blank.</p> <p>Do not enter a value if you are setting up a currency exchange rate relationship for the no inverse or any other currency conversion method.</p>
Override Conversion Method (Y/Z)	<p>A value in this field overrides the conversion method in General Accounting Constants. Use this field only if the currency relationship must follow the no inverse rule.</p> <p>Method Y. This method multiplies the foreign amount by the exchange rate to calculate the domestic amount. For example, you use this method to convert from EUR to DEM.</p> <p>Method Z. This method divides the foreign amount by the exchange rate to calculate the domestic amount. For example, you use this method to convert from DEM to EUR.</p> <p>If you set up triangulation records for currencies, the system uses divisor rates (Z) when converting the domestic currency to the triangulation currency (EUR). It uses multiplier rates (Y) when converting the triangulation currency (EUR) to the foreign currency.</p>
Prohibit Spot Rate	<p>A value of blank or 0 (zero) allows spot rates for the currency relationship you define, a value of 1 does not allow spot rates.</p> <p>Spot rates are allowed for currencies that use the no inverse method, however they are not allowed for currencies that use triangulation.</p>

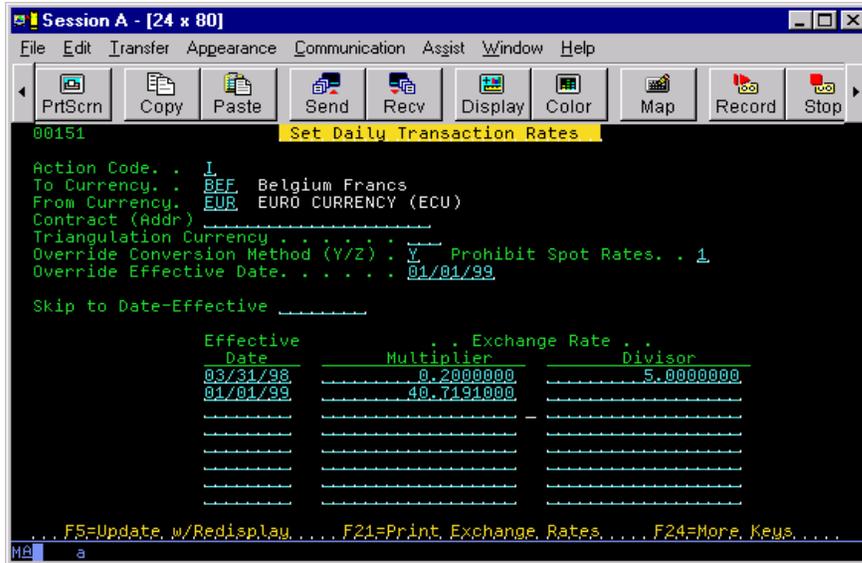
Field	Explanation
Override Effective Date	The date to begin calculating exchange rates using the no inverse method. This is the date in which the override conversion method (Y or Z) becomes effective.
Effective Date	<p>The date the corresponding exchange rate is effective. Programs use the multiplier or divisor amount associated with this date to calculate exchange rates to, from, or through (triangulation) the euro.</p> <p>When you enter a transaction, such as an invoice or payment, the program searches for the most recent effective date in the exchange rate table.</p>
Exchange Rate – Multiplier	<p>For a no inverse/triangulation currency relationship, this is the amount used to calculate <i>from</i> the euro.</p> <p>If you enter a value in this field, you must leave the Divisor field blank.</p>
Exchange Rate - Divisor	<p>For a no inverse/triangulation currency relationship, this is the amount used to calculate <i>to</i> the euro.</p> <p>If you enter a value in this field, you must leave the Multiplier field blank.</p>

Examples: Exchange Rate Setup for the No Inverse Method

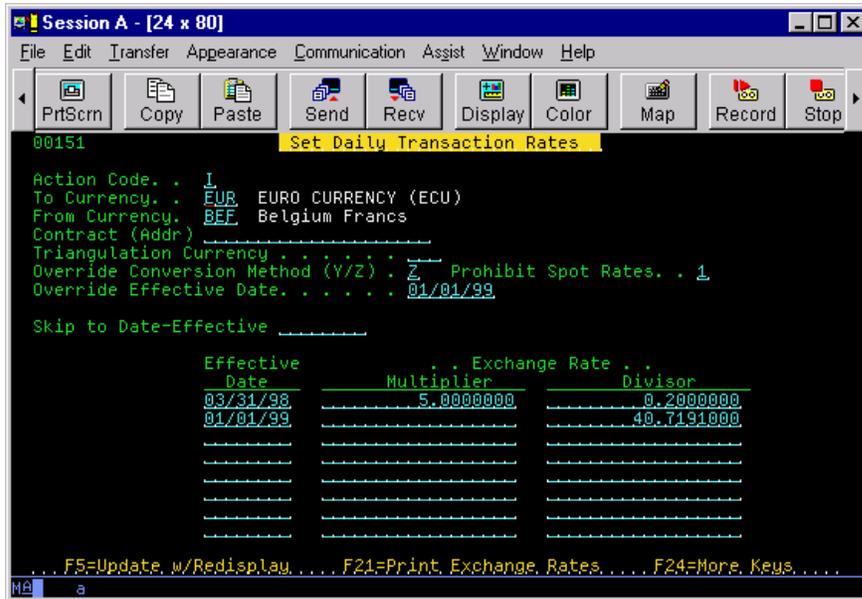
The following examples show the exchange rate setup for the no inverse method. The no inverse method does not use the inverse of the officially published euro rate, therefore, the inverse rate will always be blank.

From EUR to BEF and From BEF to EUR

In the following examples, the exchange rate is 1 euro = 40.7191 BEF.



The program automatically creates a corresponding record in the other direction, as follows.



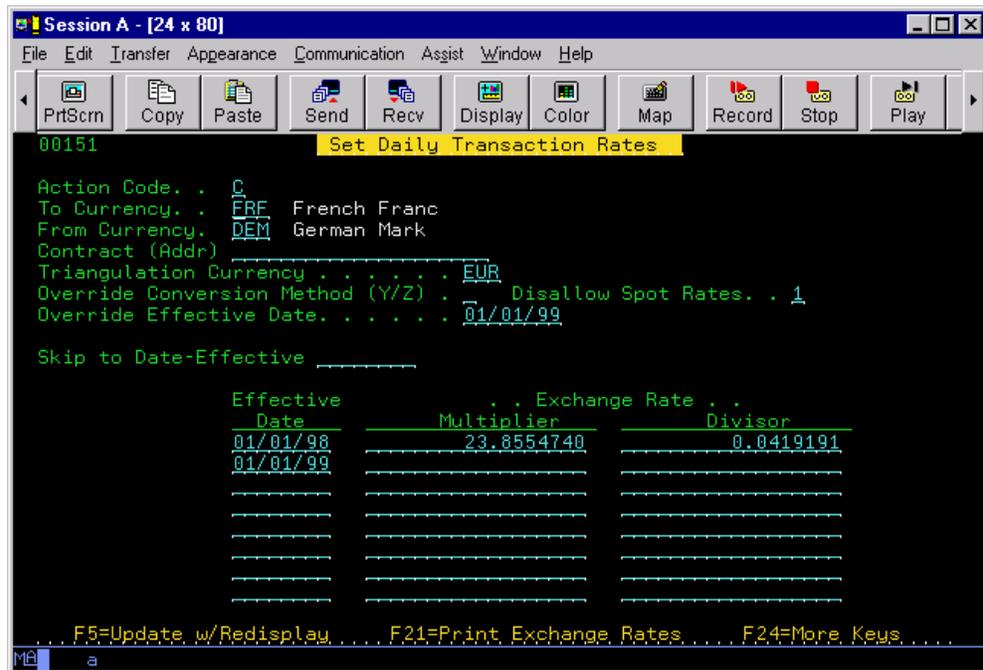
How to Set Up Currency Relationships for Triangulation

From the Multi-Currency Setup menu (G1141), choose Set Daily Transaction Rates

To calculate rates between two currencies going through the euro, you must set up a triangulation currency record. This record defines the relationship between two currencies that use triangulation. There is no exchange rate associated with the triangulation record. Once you set up a triangulation record, the exchange rates are derived from the exchange rate records you set up between the two currencies that use triangulation and the euro.

Companies in EMU member nations that conduct business with non-EMU companies can use triangulation when converting an exchange rate between an EMU and non-EMU currency. However, you should first determine whether spot rates are required on a transaction-by-transaction basis for those currencies. If spot rates are required, you should *not* set up triangulation for those EMU and non-EMU currency relationships. Triangulation does not allow spot rates at the transaction level for Release A7.3 CU9.

EUR designates that triangulation is used when calculating the exchange rate between FRF and DEM



In the above example, the currency relationship between FRF and DEM uses triangulation (EUR).

The exchange rates are not set up on the triangulation record, but are instead set up on the exchange rate records. The exchange rate records define the exchange rates for currency relationships, such as FRF to EUR and EUR to DEM.

If you have exchange rates with an effective date that is *after* the override effective date on the triangulation record, the program issues a warning and deletes those exchange rate amounts.

Because triangulation is a composite of two rates that have been divided and multiplied to produce an amount in the euro, two rates are retrieved and used in the calculation. It is not possible to store both rates on the transaction record; therefore an exchange rate of zero is stored but not used.

Fields

The fields listed below are on the Set Daily Transaction Rates form and apply specifically to triangulation.

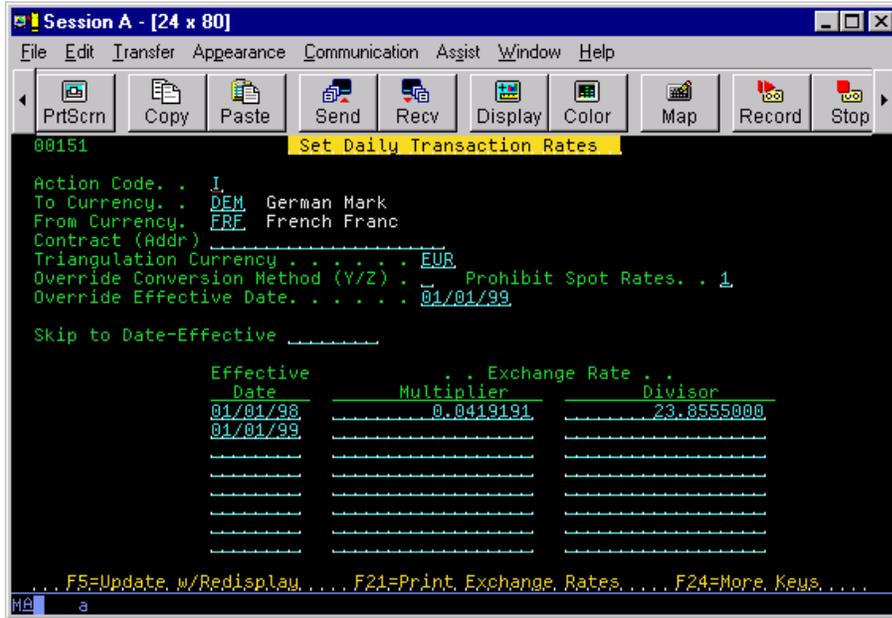
Field	Explanation
Triangulation Currency	<p>The currency code to use when triangulating exchange rates between two currencies, for example, EUR. You must enter a currency code for triangulation to occur between two EMU member currencies.</p> <p>If you use triangulation instead of a cross rate when calculating exchange rates between an EMU member currency and a non-EMU member currency, you must enter a value in this field.</p>
Prohibit Spot Rate	<p>This field automatically fills with a value of 1 (no) if you enter a triangulation currency. Spot rates are not allowed between currencies that use triangulation.</p> <p>This field <i>must</i> be 1 on the triangulation record for all EMU member currencies.</p>
Override Effective Date	<p>The date to begin calculating exchange rates using triangulation.</p> <p>If you enter a value in the Triangulation Currency <i>and</i> Override Effective Date fields, the system uses this date to begin calculating exchange rates using triangulation.</p>

Example: Setup for Exchange Rates and Triangulation

In the following example, a company with a base currency of FRF transacts business with a company whose currency is DEM. Three records must be set up to calculate currency exchange rates for this transaction.

Two records (FRF to EUR and EUR to DEM) identify the currency relationships between the two currencies and the euro. The rates associated with these records are used to convert from FRF to DEM, through the euro.

The following record for FRF to DEM identifies the triangulation currency (EUR).



Calculation

In this example, a company with a base currency of FRF transacts business with a company whose currency is DEM for an amount of 50 FRF.

To convert 50 FRF to DEM, the calculation is as follows:

1. 1 EUR = 6.63258 FRF. Use the divisor method to convert to EUR:
 $50 \text{ FRF} / 6.63258 = 7.5385445 \text{ EUR}$
2. 1 EUR = 1.98166 DEM. Use the multiplier method to convert to DEM:
 $7.5385445 \text{ EUR} \times 1.98166 = 14.9388321$ or rounded = 14.94 DEM

For illustration purposes, the example above shows two separate steps. However, the conversion program performs these calculations simultaneously as follows:

$$50 \text{ FRF} / 6.63258 \times 1.98166 = 14.9388322 = 14.94 \text{ DEM}$$

How to View and Update Exchange Rates

From the Multi-Currency Processing menu (G11), choose Speed Transaction Rates Entry

Although you can view and update exchange rates on the Set Daily Transaction Rates form, there are several advantages to using the Speed Transaction Rates Entry form instead:

- You can view all currency rates associated with a specific currency at one time
- You can quickly update multiplier or divisor exchange rates, depending on which rate is allowed for the currency relationship
- You can change *only* exchange rates, which makes this form appropriate for daily exchange rate use

Frm	Cur	Exchange Rate	Effective Date	Effective Multiplier	Effective Divisor
			01/01/99		40.7191000
			01/01/99		1.2283840
			01/01/99		22.2347000
			01/01/99		1.2288394
			01/01/99		1.9816600
			01/01/99		1.3328839
			01/01/99		22.3488000
			01/01/99		0.2458710
			01/01/99		6.6325800
			01/01/99		1.9816600
			01/01/99	0.8140771	1.2283849
			03/31/98	2.0000000	0.5000000

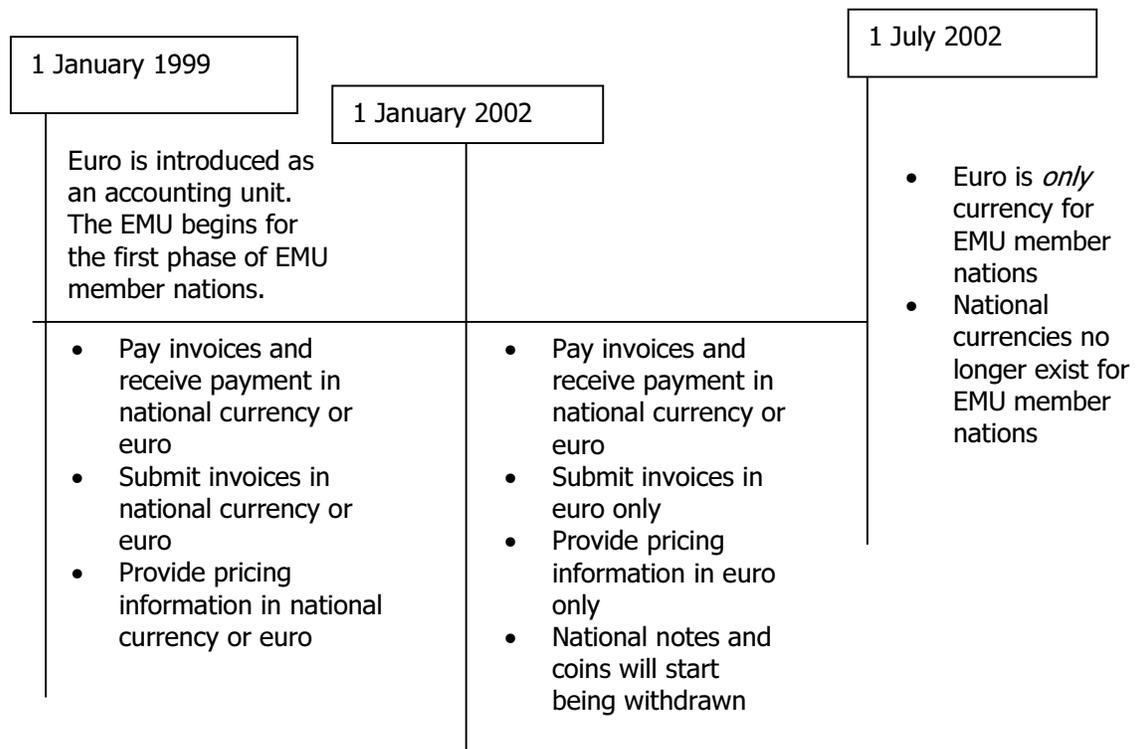
When you update exchange rates on this form, the system updates the Currency Exchange Rates table (F0015).

Customers and the Euro



The following timeline is based on the principles of "no compulsion, no prohibition." These principles basically state that companies are under no obligation to transact business in the euro beginning on 1 January 1999. The principles also state that companies cannot prohibit their customers or suppliers from transacting business in the euro.

The timeline illustrates how Economic and Monetary Union (EMU) member nations will be expected to handle receipts and payments during the euro transition period, from 1 January 1999 to 1 July 2002.



During the euro transition period, your company must be prepared to process customer receipts and sales orders in the euro. This is regardless of whether the original transaction was in another currency or whether your company has converted its base currency to the euro.

For example, a French company can continue to submit invoices to a German customer in deutsche marks during the transition period. However, it must be able to process receipts in the euro, if that is how the German customer chooses to pay.

In addition to being able to submit invoices to customers and process receipts in the euro, companies might want to track their customer statistical amounts and balances in the euro. This includes year-to-date invoiced amounts, amount due, minimum and maximum values, and so on.

Converting prices to the euro presents new challenges to companies since it becomes easier for customers to compare prices between countries. Inevitably, prices for products in the euro will vary across countries because the cost of doing business varies across countries.



You will run the customer conversion and price generation programs during the euro transition period. These conversion programs are part of A7.3 CU9 enhancement. Do not confuse them with the euro conversion programs. The euro conversion programs, which are in E9, convert a company's base currency to the euro.

Checklist: Customers and the Euro

Complete the items in the following checklists to convert a customer or group of customers to the euro, calculate gains and losses for A/R euro realization, and process receipts in the euro. The checklists are divided into two categories:

- One-time only tasks
- Periodic tasks

One-Time Only Tasks

- Set up accounts, AAIs, and processing options for alternate receipt processing
- Calculate A/R gains and losses for euro realization
- Understand how the gains and losses program handles sales orders entered before 1999
- Update sales orders with the most current unit cost in the euro
- Create new recurring invoices and credit note reimbursements in the euro

Periodic Tasks

- Convert customer address book amounts and address book currency to the euro and change default customer currency to the euro (manually or with conversion program).
- Create new base and advanced pricing records in the euro (manually or with conversion program)
- Process alternate currency receipts in the euro
- View customer address book amounts in the euro

For information about electronic payments for the euro, see *Electronic Formats and the Euro* in the *Suppliers and the Euro* section of this guide.

Topics in This Section

This section includes the following topics:

- Euro realization in Accounts Receivable
- Converting Customer Amounts to the Euro
- Creating New Price Records in the Euro
- Sales Orders Entered Before 1999
- Recurring Invoices, Credit Memos, and the Euro
- Alternate Currency Receipt Setup
- Processing Alternate Currency Receipts
- Viewing Customer Amounts in the Euro

Euro Realization in Accounts Receivable



After 31 December 1998, the exchange rates between Economic and Monetary Union (EMU) member currencies and the euro will be irrevocably fixed. Because the rates will no longer fluctuate, EMU member nations will no longer record gains and losses on transactions that are created on or after 1 January 1999.

Accounting for the Introduction of the euro, a document published by the European Commission, provides guidelines about gains and losses for euro realization. This document states the following:

Exchange losses on monetary assets and liabilities are normally taken into account immediately. Exchange gains on monetary liabilities should also be taken into account as they reduce the amount which will ultimately be payable. There is no doubt about the realization of the exchange gains on these liabilities because financial statements are drawn up under the assumption that liabilities are settled upon maturity at face value.

According to European Union (EU) regulations, companies in all EMU member nations must realize *losses* on exchange differences between EMU member currencies by 31 December 1998, regardless of the base currency their company uses for accounting purposes. This includes losses on open invoices.

This topic describes the following:

- When to calculate A/R gains and losses for euro realization
- A/R setup requirements for euro realization
- How to calculate A/R gains and losses for euro realization
- Example: A/R losses for euro realization
- Example: A/R gains and losses for euro realization

When to Calculate Gains and Losses for Euro Realization

Each EMU member nation has its own regulations about when *gains* between EMU member currencies must be realized. For example, a nation might have the following requirements:

- Losses on EMU currency transactions must be realized in accounts closing 31 December 1998
- Gains on EMU currency transactions can be realized as late as 31 December 1999

Companies can calculate gains and losses for euro realization at the end of 1998, regardless of whether they plan to convert their base currency to the euro in 1999.

You can calculate your A/R gains and losses for euro realization before *or* after you convert your company's base currency to the euro. The following explains this:

The euro conversion converts every entry and offsetting entry in your system from your base currency to the euro. For example, your base currency is Belgian francs. Your transactions are in Belgian francs, as well as your gains and losses. When you run the conversion, each transaction is converted to the equivalent euro amount. As a result, it does not matter whether you calculate gains and losses for euro realization before or after the euro conversion.

A/R Setup Requirements for Euro Realization

Before you can calculate and record A/R gains and losses for euro realization, you must ensure that the following are set up correctly:

- Realized gain and loss accounts
- Automatic accounting instructions (AAIs)
- Processing options

Realized Gain and Loss Accounts

For euro realization, you must set up *realized* gain and loss accounts. If you process automatic receipts, these accounts already exist. You might want to set up special A/R receivable accounts for euro realization processing.

If you use the Currency Gains and Losses program to calculate unrealized gains and losses, you have already set up unrealized gain and loss accounts. You will continue to use these accounts for non-EMU currency transactions.

Automatic Accounting Instructions (AAIs)

When you calculate realized and unrealized gains and losses, the system uses AAIs to distribute the gain or loss to the correct G/L account. Typically, the AAI items for A/R are (xxx represents the currency code and yyy represents the G/L offset code):

- RGxxx for realized gains
- RLxxx for realized losses
- RVxxx for unrealized gains
- RWxxx for unrealized losses
- RRYyy for unrealized gain/loss offsets

To calculate realized gains and losses on open invoices between EMU member currencies, you must set up a separate DREAMWriter version of the Currency Gains and Losses program. This program has been enhanced to meet the euro requirements.

Before you run the Currency Gains and Losses program, you must change or add unrealized AAI items by currency (RVxxx, RWxxx, and RRYyy) to point from unrealized accounts to *realized* accounts. Accrual entries and realized gain and loss entries flow in and out of these realized accounts until you completely process the invoices that were open before the exchange rates for the EMU member currencies were irrevocably fixed.

You will no longer calculate unrealized gains and losses against transactions between EMU member nations after 1 January 1999 since exchange rates do not fluctuate. This explains why you can change the unrealized AAI item to point to a realized account for EMU member currencies.

You must set up AAI items RV and RW by currency code. The currency code separates realized and unrealized transactions within the same company, which allows you to continue to recognize unrealized gains and losses for non-EMU currencies. If only EMU member companies are set up in your environment, you may not have to set up AAI items RV and RW by company and currency.

Example: AAI Setup for Two Companies

Company	Domestic	Foreign	AAI Item	Type of Account	Reason
Company 1	DEM	FRF	RVFRF	Realized Gain	Both EMU currencies
Company 1	DEM	USD	RVUSD	Unrealized Gain	One non-EMU currency
Company 2	USD	FRF	RVFRF	Unrealized Gain	One non-EMU currency
Company 2	USD	DEM	RVDEM	Unrealized Gain	One non-EMU currency

AAIs by Currency: Company 1 has foreign invoices in FRF and USD. The company directs the gain or loss related to the FRF invoice to a realized account and the gain or loss related to the USD invoice to an unrealized account.

AAIs by Company: Company 1 and company 2 both have foreign invoices in FRF so the AAI item is RVFRF. Company 1 directs the AAI item to a realized account, while company 2 directs the same AAI item to an unrealized account.

Processing Options for Currency Gains and Losses

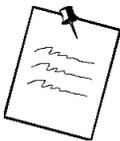
The EU and EMU member nations have regulations about how and when companies calculate gains and losses for euro realization. To handle the various regulations, a processing option for the Currency Gains and Losses program allows you to create journal entries for:

- Gains and losses
- Gains only
- Losses only
- No journal entries (proof mode)

This new processing option provides the flexibility that allows member nations to realize gains over an extended period of time.

If you set the processing option for gains only and there are losses only, the program does not create journal entries in final mode. Instead, it prints a report with a message that no journal entries were created. This message also prints if you set the processing option for losses only and there are gains only.

Processing Option	Explanation
Journal Entries	Specify one of the following values, depending on the type of journal entries you want to create: 1 — Gains and losses 2 — Losses 3 — Gains 4 — Do not create journal entries (default)



The functionality of this new processing option has existed in the Monetary Account Valuation program in previous releases.

How to Calculate Gains and Losses for Euro Realization

From the Multi-Currency Monthly Valuation menu (G1121), choose Currency Gains and Losses.

To calculate realized gains and losses on exchange differences for euro realization on open A/R transactions, you run the Currency Gains and Losses program. This program was enhanced in release A7.3 CU9 to realize gains and losses for open EMU currency transactions for A/R.

The receipt processing program has not changed. It continues to calculate realized gains and losses as usual.

Set up different DREAMWriter versions of this program to calculate gains only, losses only, and both gains and losses for euro realization. If you set up different versions, you do not have to change the processing option each time you run the program for a different type of calculation.

Example: A/R Losses for Euro Realization

This example shows realized losses on open invoices for a one-month period. In this example, the Currency Gains and Losses program is set to create journal entries for losses only. The receipt process will create journal entries for gains in January 1999.

15 December 1998

Company 1 uses DEM as its base currency and has four open invoices as of 15 December 1998.

This example includes a USD invoice (RV4) to show that when the program calculates realized gains and losses for EMU member currencies, it does not change how it processes unrealized gains and losses for non-EMU member currencies.

Invoice	Domestic Amounts	Foreign Amounts	Exchange Rate
			15/12/98
RI 1	595.12 DEM	2000.00 FRF	.29756
RI 2	484.98 DEM	10000 BEF	.048498
RI 3	2380.46 DEM	8000.00 FRF	.2975575
RI 4	990.60 DEM	500.00 USD	1.9992

31 December 1998

On 31 December 1998, the exchange rates are irrevocably fixed for EMU member currencies. As a result, the exchange rates are calculated using triangulation and the no inverse rule, based on the following (unofficial) rates:

- 1 EUR = 6.45863 FRF
- 1 EUR = 1.0235 USD
- 1 EUR = 39.7191 BEF
- 1 EUR = 1.92573 DEM

Invoice	Calculation	Calculated Exchange Rate
RI 1	$((2000.00 / 6.45863) * 1.92573) = 596.33 / 2000.00$	0.298165
RI 2	$((10000 / 39.7191) * 1.92573) = 484.84 / 10000$	0.048484
RI 3	$((8000.00 / 6.45863) * 1.92573) = 2385.31 / 8000.00$	0.298164
RI 4	$((500.00 / 1.0235) * 1.92573) = 940.76 / 500.00$	1.88152

The following table shows the gains and losses calculated from the change in exchange rates.

Invoice	Domestic Amounts	Foreign Amounts	Exchange Rate 31/12/98	Gain (+) or Loss (-)
RI 1	596.33 DEM	2000.00 FRF	.298165	+ 1.21 DEM
RI 2	484.84 DEM	10000 BEF	.048484	- 0.14 DEM
RI 3	2385.31 DEM	8000.00 FRF	.298164	+ 4.85 DEM
RI 4	940.76 DEM	500.00 USD	1.88152	- 58.84 DEM

The Currency Gains and Losses program creates the following journal entries on 31 December 1998.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	RWBEF	Realized Loss	0.14 DEM
JX 2	RRBEF	Accounts Receivable Trade	- 0.14 DEM
JX 4	RWUSD	Unrealized Loss	58.84 DEM
JX 4	RRUSD	Accounts Receivable Other	- 58.84 DEM

Notice that the journal entry for the USD currency loss is recorded in an unrealized account, while the BEF currency loss is recorded in a realized account.

Journal entries are not created for gains because the processing option was set to create losses only. Therefore, gains on the FRF invoices that were paid in January were realized in January.

The following T-account shows that since realized losses were calculated in December, there is a net amount of zero for realized losses in January.

Realized Loss Account December	
0.14	

Realized Loss Account January	
	0.14
0.14	

1 January 1999

On 1 January 1999, reversing journal entries are created for both realized and unrealized losses:

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	RWBEP	Realized Loss	- 0.14 DEM
JX 2	RRBEF	Accounts Receivable Trade	0.14 DEM
JX 4	RWUSD	Unrealized Loss	- 58.84 DEM
JX 4	RRUSD	Accounts Receivable Other	58.84 DEM

During January, the customer pays all four invoices. The realized gains are calculated during receipt processing. These calculations occur independently of the Currency Gains and Losses program.

Journal Entry Type	Type of Account	Domestic Amounts	Foreign Amounts
RC 1	Cash in Bank	596.33 DEM	2000.00 FRF
RG 1	Realized Gain	- 1.21 DEM	
AE 1	Accounts Receivable Trade	-595.12 DEM	2000.00 FRF
RC 2	Cash in Bank	484.84 DEM	10000 BEF
RG 2	Realized Loss	0.14 DEM	
AE 2	Accounts Receivable Trade	- 484.98 DEM	10000 BEF
RC 3	Cash in Bank	2385.31 DEM	8000.00 FRF
RG 3	Realized Gain	- 4.85 DEM	
AE 3	Accounts Receivable Trade	- 2380.46 DEM	8000.00 FRF
RC 4	Cash in Bank	940.76 DEM	500.00 USD
RG 4	Realized Loss	58.84 DEM	
AE 4	Accounts Receivable Trade	- 999.60 DEM	500.00 USD

Since the invoices were paid before 31 January 1999, the realization process that ran at the end of January did not select them. The following T-accounts show the entries that were recorded for those transactions:

Realized Gain Account December	

Realized Gain Account January	
	1.21
	4.85

Example: A/R Gains and Losses for Euro Realization

This example shows realized gains and losses on open invoices that exist for more than a one-month period. In this example, the Currency Gains and Losses program is set to create journal entries for both gains and losses.

15 December 1998

Company 1 uses DEM as its base currency and has four open invoices as of 15 December 1998.

Invoice	Domestic Amounts	Foreign Amounts	Exchange Rate 15/12/98
RI 1	595.12 DEM	2000.00 FRF	.29756
RI 2	484.98 DEM	10000 BEF	.048498
RI 3	2380.46 DEM	8000.00 FRF	.2975575
RI 4	999.60 DEM	500.00 USD	1.9992

31 December 1998

On 31 December 1998, the exchange rates are irrevocably fixed for EMU member currencies. As a result, the exchange rates are calculated using triangulation and the no inverse rule, based on the following (unofficial) rates:

- 1 EUR = 6.45863 FRF
- 1 EUR = 1.0235 USD
- 1 EUR = 39.7191 BEF
- 1 EUR = 1.92573 DEM

Invoice	Calculation	Calculated Exchange Rate
RI 1	$((2000.00 / 6.45863) * 1.92573) = 596.33 / 2000.00$	0.298165
RI 2	$((10000 / 39.7191) * 1.92573) = 484.84 / 10000$	0.048484
RI 3	$((8000.00 / 6.45863) * 1.92573) = 2385.31 / 8000.00$	0.298164
RI 4	$((500.00 / 1.0235) * 1.92573) = 940.76 / 500.00$	1.88152

The following table shows the gains and losses calculated from the change in exchange rates.

Invoice	Domestic Amounts	Foreign Amounts	Exchange Rate 31/12/98	Gain (+) or Loss (-)
RI 1	596.33 DEM	2000.00 FRF	.298165	+ 1.21 DEM
RI 2	484.84 DEM	10000 BEF	.048484	- 0.14 DEM
RI 3	2385.31 DEM	8000.00 FRF	.298164	+ 4.85 DEM
RI 4	940.76 DEM	500.00 USD	1.88152	- 58.84 DEM

The Currency Gains and Losses program creates the following journal entries on 31 December 1998.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 1	RWFRF	Realized Gain	- 1.21 DEM
JX 1	RRFRF	Accounts Receivable Trade	1.21 DEM
JX 2	RWBEF	Realized Loss	0.14 DEM
JX 2	RRFRF	Accounts Receivable Trade	- 0.14 DEM
JX 3	RWFRF	Realized Gain	- 4.85 DEM
JX 3	RRBEF	Accounts Receivable Trade	4.85 DEM
JX 4	RWUSD	Unrealized Loss	58.84 DEM
JX 4	RRUSD	Accounts Receivable Other	- 58.84 DEM

The journal entries for the FRF and BEF invoices are recorded in realized accounts. The journal entry for the USD invoice is recorded in an unrealized account during standard period-end processing.

The following T-accounts show the journal entries for the realized accounts in December.

Realized Loss Account December		Realized Gain Account December	
-14		1.21	
		4.85	

1 January 1999

On 1 January 1999, reversing journal entries are created for both realized gains and losses.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 1	RWFRF	Realized Gain	1.21 DEM
JX 1	RRFRF	Accounts Receivable Trade	- 1.21 DEM
JX 2	RWBEF	Realized Loss	- 0.14 DEM
JX 2	RRFRF	Accounts Receivable Trade	0.14 DEM
JX 3	RWFRF	Realized Gain	4.85 DEM
JX 3	RRBEF	Accounts Receivable Trade	- 4.85 DEM
JX 4	RWUSD	Unrealized Loss	- 58.84 DEM
JX 4	RRUSD	Accounts Receivable Other	58.84 DEM

During January, invoice RI 1 is paid and the loss is realized during receipt. The receipt calculations occur independently of the Currency Gains and Losses program.

Journal Entry Type	Type of Account	Domestic Amounts	Foreign Amounts
RC 1	Cash in Bank	596.33 DEM	2000.00 BEF
RG 1	Realized Gain	- 1.21 DEM	
AE 1	Accounts Receivable Trade	-595.12 DEM	2000.00 BEF

31 January 1999

On 31 January 1999, invoices RI 2 (BEF), RI 3 (FRF), and RI 4 (USD) remain open. The Currency Gains and Losses program will again create realized journal entries for the FRF and BEF invoices and the program will create unrealized journal entries for the USD invoice. Realized journal entries were created for the paid invoice (RI 1) during receipt processing and are bypassed by the program.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	RWBEF	Realized Loss	0.14 DEM
JX 2	RRBEF	Accounts Receivable Trade	- 0.14 DEM
JX 3	RWFRF	Realized Gain	- 4.85 DEM
JX 3	RRFRF	Accounts Receivable Trade	4.85 DEM
JX 4	RWUSD	Unrealized Loss	58.84 DEM
JX 4	RRUSD	Accounts Receivable Other	- 58.84 DEM

The following T-accounts show the journal entries for the realized accounts in January.

Realized Loss Account January		Realized Gain Account January	
	0.14	1.21	
0.14		4.85	
			* 1.21
			4.85

* This entry was created when the invoice was paid; it was not created by the Currency Gains and Losses program.

Since the original journal entries for realized gains and losses were created in December, the overall impact is zero for January.

1 February 1999

On 1 February 1999, reversing journal entries are created for the realized gains.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	RWBEF	Realized Loss	- 0.14 DEM
JX 2	RRBEF	Accounts Receivable Trade	0.14 DEM
JX 3	PWFRF	Realized Gain	4.85 DEM
JX 3	RRFRF	Accounts Receivable Trade	- 4.85 DEM
JX 4	RWUSD	Unrealized Loss	- 58.84 DEM
JX 4	RRUSD	Accounts Receivable Other	58.84 DEM

The remaining three invoices are paid in February and the gains and losses are realized during receipt processing.

Journal Entry Type	Type of Account	Domestic Amounts	Foreign Amounts
RC 2	Cash in Bank	484.84 DEM	10000 BEF
RG 2	Realized Loss	0.14 DEM	
AE 2	Accounts Receivable Trade	- 484.98 DEM	10000 BEF
RC 3	Cash in Bank	2385.31 DEM	8000.00 FRF
RG 3	Realized Gain	- 4.85 DEM	
AE 3	Accounts Receivable Trade	- 2380.46 DEM	8000.00 FRF
RC 4	Cash in Bank	940.76 DEM	500.00 USD
RG 4	Realized Loss	58.84 DEM	
AE 4	Accounts Receivable Trade	999.60 DEM	500.00 USD

The Currency Gains and Losses program is run again on 28 February 1999, during standard period-end processing. The program bypasses the invoices since they have already been paid.

The following T-accounts show the journal entries for realized accounts in February.

Realized Loss Account February		Realized Gain Account February	
	0.14	4.85	
*0.14			*4.85

* These entries were created when the invoice was paid; they were not created by the Currency Gains and Losses program.

Since the original journal entries for realized gains and losses were created in December, the overall impact is zero for February.

Converting Customer Amounts to the Euro



You convert your customer's default currency and statistical amounts to the euro for the following reasons:

- Your customer wants to receive invoices in the euro
- You want to submit invoices to your customers in the euro
- You want to see a customer's statistical amounts in the euro

This topic describes the following:

- When to convert customer address book amounts
- How to convert customer address book amounts
- How to change a customer's default currency
- How limit amounts are calculated

When to Convert Customer Address Book Amounts

Throughout your company's transition to the euro, you will convert customer amounts and customer default currencies to the euro. You can convert these amounts and currencies on a customer-by-customer basis, or you can convert multiple customers at one time. Additionally, you can convert a customer's statistical amounts and default currency at the same time, or independently of one another. To convert the statistical amounts, you must have already set up EMU currency relationships and exchange rates.

After your company converts its base currency to the euro, you may submit invoices in either the euro or the national currency of your EMU customers as long as it is within the euro transition period. For example, if a French customer has not yet converted to the euro, you can submit invoices in the French franc even if your company has converted to the euro. You can also retain their statistical amounts and balances in the French franc.

If you have a parent/child structure with different default and address book currencies, you can convert the parent independently from its children and vice

versa. The following example shows a parent/child relationship with different currencies.

Relationship	Address Book Currency	Default Currency
Parent	ITL	ITL
Child 1	ITL	ITL
Child 2	ITL	EUR
Child 3	EUR	FRF

In this example, you would run three separate currency conversions. One to convert the parent and child 1, another to convert child 2, and another to convert child 3.

How to Convert Customer Address Book Amounts

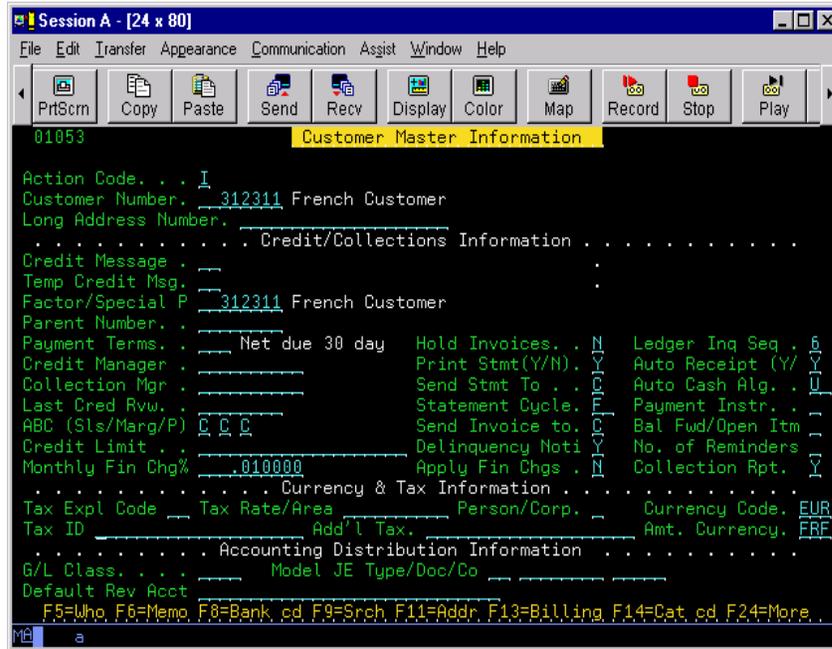
From the Multi-Currency Conversion Operations menu (G1132), choose Customer Master Conversion.

When you convert customer amounts, you convert amounts in the Customer Master table (F0301) only. You do not convert transactions in the Accounts Receivable Ledger table (F0311). This is because for consistency and integrity reasons, you cannot convert existing transaction amounts to the euro until you convert your base currency to the euro.

You can set up different DREAMWriter versions of the conversion program. For example, you might set up one version to convert amount currency codes only, another version to convert currency codes only, and still another to convert both.

When you convert customer amounts, you convert either or both of the following:

- Customer address book amounts and address book currency
- Customer default currency

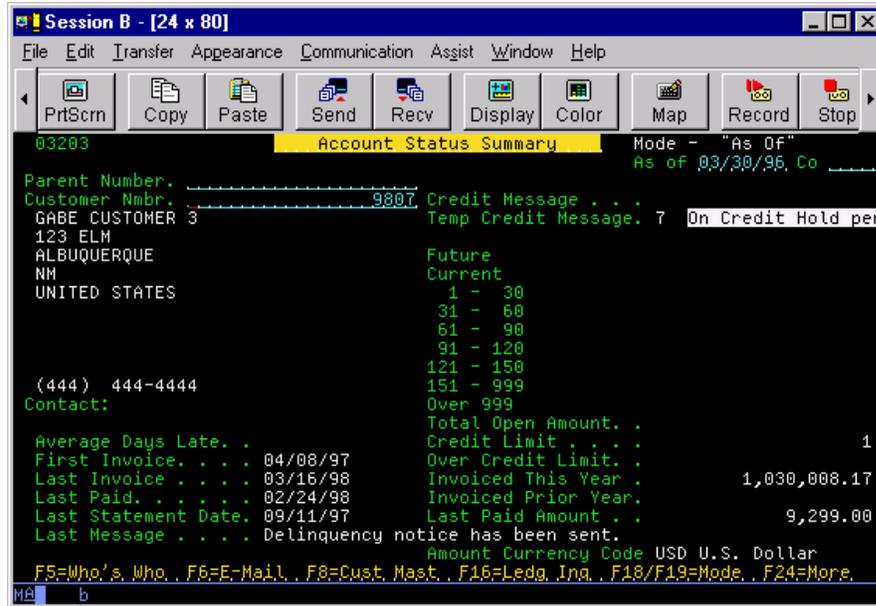


Customer Address Book Amounts and Address Book Currency

The Customer Master Conversion program converts summary statistical amounts, limit amounts, and currency codes for customers. It does not convert transactions in the Accounts Receivable Ledger table (F0311).

When you convert address book amounts for customers, you convert the following types of amounts:

- | | |
|-----------------------------|---|
| Summary statistical amounts | <ul style="list-style-type: none"> • Year-to-date invoice amounts and finance charges • Prior year invoice amounts and finance charges • Amount due • Amount last paid • Highest balance • Open order amounts |
| Limit Amounts | <ul style="list-style-type: none"> • Credit Limit • Minimum and maximum order values |



This form shows the customer statistical amounts that you convert to the euro. To access Account Status Summary, press F16 on Customer Ledger Inquiry.

Example: Before and After Converting Customer Address Book Amounts

The values for the example on the following page are set as follows:

Program	Field/Processing Option Value
Customer Master Information	Amount Currency field = FRF Currency Code field = FRF
Set Daily Transaction Rates	(FRF to EUR currency relationship) Exchange rate field = 6.63257 (divisor)
Address Book Conversion	Amount Currency processing option = EUR
Address Book Conversion	Currency Code processing option = blank
Address Book Conversion	Round Limit Amounts processing option = 50

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This example shows customer amounts before and after converting from the French franc (FRF) to the euro (EUR).

F0301 Field	Description	Before Conversion	After Conversion	Rounded From
A5CRCD	Currency Code – A/R	FRF	FRF	Not applicable
A5CRCA	Currency Code – A/B	FRF	EUR	Not applicable
A5AD	Amount Due	100.00	15.08	Not applicable
A5AFCP	Prior Year Finance Charges	200.00	30.15	Not applicable
A5AFCY	YTD Finance Charges	300.00	45.23	Not applicable
A5ASTY	Invoiced This Year	400.00	60.31	Not applicable
A5SPYE	Invoiced Prior Year	500.00	75.39	Not applicable
A5AHB	High Balance	600.00	90.46	Not applicable
A5ALP	Last Paid Amount	700.00	105.54	Not applicable
A5ABAM	Address Book Amount	Not used		Not applicable
A5ABA1	Address Book Amount	Not used		Not applicable
A5APRC	Open Order Amount	1,000.00	150.77	Not applicable
A5MINO	Minimum Order Amount	1,000	150	150.77
A5MAXO	Maximum Order Amount	50,000	7,550	7538.56
A5ACL	Credit Limit	10,000	1,500	1507.71

This customer's statistical amounts will be in the euro, however, their invoices will remain in French franc, based on the processing options.

How to Change a Customer’s Default Currency

From the Multi-Currency Conversion Operations menu (G1132), choose Customer Master Conversion.

To comply with a customer’s request to receive invoices in the euro, you must change the default currency code on that customer’s master record. You can change the code for multiple customers at one time by running the Customer Master program. Or, you can change a customer’s currency code manually on the Customer Master Information form. You might do this if you have just one or two customers to convert on a particular day.

You can set up different DREAMWriter versions. For example, you might set up one version to convert amount currency codes only, another version to convert currency codes only, and still another to convert both.

Processing Options

Depending on how you set your processing options, the Customer Master Conversion program does either or both of the following for multiple customers:

- Converts customer statistical amounts and amount currency code
- Changes customer currency code

These codes are stored in the Amount Currency (CRCA) and Currency Code (CRCD) fields in the Customer Master table (F0301).

Processing Options	Explanation
Update Control	<p>A value of 1 updates the Customer Master Information table (F0301). An exceptions report prints with any of the following messages:</p> <p><i>No processing errors.</i> If you entered 1 for this processing option, the conversion updates the Customer Master Information table. If you left it blank, it does not update the table.</p> <p><i>Currency exchange rate not found.</i> Cause: The currency code that you are converting to is not set up in the exchange rate table, the exchange rate or effective date is not set up for the currency code.</p> <p><i>Invalid currency entered.</i> Cause: The currency code you entered for processing option 3 or 4 or both is not valid.</p> <p><i>Update error – record locked or not found.</i> Cause: The customer master record is in use.</p>

Processing Options	Explanation
Date Options	The exchange rate date to use for the conversion.
Amount Currency	The currency code in which you want to convert the Amount Currency (CRCA) field. This converts a customer's statistical amounts and the amount code to the currency you specify.
Currency Code	The currency code in which you want to update the Currency Code (CRCD) field. This changes a customer's currency code to the currency you specify.
Limit Amounts	Value with which to round the converted amount, such as 10, 25, 50, 100, 1000, and so on.

Data Selection

The data selection provides flexibility when converting customer amounts to the euro. To convert address book amounts by customer, specify the address book numbers. If you do not do this, the conversion program converts all customers. To convert amounts for all customers assigned a certain category code, specify the category code.

How Limit Amounts Are Calculated

Limit amounts are credit limits and minimum and maximum order amounts that you assign to a customer master record. Limit amounts are usually rounded numbers and are stored without decimals. You designate the rounding amount to use when converting limit amounts in a process option.

For example, 1 euro = 6.45863 FRF. The conversion program converts a credit limit of 10,000 French francs to 1,548 euro. You designate a rounding amount to the nearest 50. The conversion program rounds 1,548 euros to 1,550 euros.

Calculation:

Converted Amount / Divisor = Q with a remainder of R.

(The divisor equals the rounding amount you designate in the processing options.)

Amounts are rounded up or down, as follows:

- Round up. If R is greater than or equal to one half of the divisor, then subtract R from the divisor and add that amount to the converted amount. (This is based on a rounding amount of 50.)

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Calculation: $1548 \text{ EUR} / 50 = 30$ with a remainder of 48. If 48 is greater than one half of 50 (25), then add 2 ($50 - 48$) to 1548 to get a rounded value of 1550 EUR.

- Round down. If R is less than one half of the divisor, then subtract R from the converted amount. (This is based on a rounding amount of 50.)

Calculation: $1510 \text{ EUR} / 50 = 30$ with a remainder of 10. If 10 is less than one half of 50 (25), then subtract 10 from the converted amount to get a rounded value of 1500 EUR

Creating New Price Records in the Euro



Your customers might ask you to provide prices in the euro as early as 1 January 1999. You can provide prices in the euro for new euro customers and for current customers who convert to the euro, regardless of whether your internal accounting systems have changed over to the euro. You can provide prices in the euro for some companies and prices in a national currency for others. You control the currency on the customer master record.

Some companies will convert their price records to the euro immediately, others will wait until 2002 when it is mandatory, and still others will use a transitional approach and create new price records for several customer groups at a time over a period of time.

This topic describes the following:

- What to do before you create new price records
- The generation programs that creates new price records
- How to create new base price records in the euro
- How to create new advanced price records in the euro
- Example: Before and after you create new price records
- What to do after you create new price records
- Application outside of the EMU

What to Do Before You Create New Price Records

Before you create new price records, you should review your current pricing structure and plan a strategy for your new price records.

For example, your current pricing structure has several currencies associated with each item number. First, decide whether to convert one currency at a time. If you decide to convert one currency at a time, then you should think about which currency to convert first. You might choose the most common currency

used in your pricing structure or choose the currency based on a fixed rate that is more favorable for your pricing. You might also choose to create new price records by different branch plants or groups.

To plan a strategy for your new price records, it is important that you understand how the price generation program creates new price records. When you run the program, it creates only one euro price record for each item. The price generation program does not create one euro price record *for each currency*. If a euro price record exists for an item, the price generation program does not create another euro record for that item. The exception to this rule is when currency codes associated with an item have different effective through dates. Depending on the dates, the price generation program might create more than one euro price record.

If you have a complex pricing structure, you might create new euro price records manually. Or, you might create some new euro records manually and others automatically, using the generation program.

The Generation Programs that Create New Price Records

New price records in the euro can be created from existing records as well as from customer-specific prices. To create price records in the euro, you run two separate price generation programs that create:

- New base price records
- New advanced price adjustment records

When you create new price records in the euro, you specify the:

- Date as of when you want to create new records
- Currency in which you want to create new records
- Currency of the existing price records
- Exchange rate to use to calculate the new price
- Conversion method (divisor) to perform the exchange rate calculation

You must use the divisor method when calculating an exchange rate from an Economic and Monetary Union (EMU) national currency to the euro. In this way, new price records are based on the no inverse calculation method required by the European Union (EU).

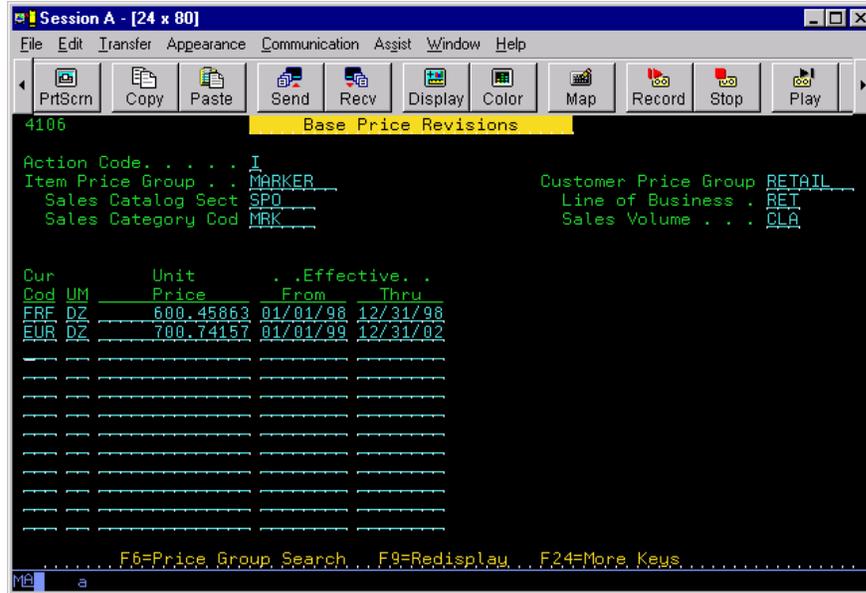
How to Create New Base Price Records in the Euro

From the Price Management menu (G4222), choose Generate Base Price/Currency.

Alternatively, you can create a new price record in the euro by manually entering it on Base Price Revisions or Price Adjustment Detail. You do not have to run the price generation program.

The price generation program copies the original base currency records, calculates new prices in the euro based on the exchange rate you specify, and then creates new base price records with the euro amount.

The following form (Base Price Revisions, menu G4222) shows a base price record after the generation program created a euro price record.



Notice that the original price record remains. This is so you can continue to invoice customers in the national currency.

How to Create New Advanced Price Records in the Euro

From the Advanced Price and Adjustments menu (G42311), choose Generate Price Adjustment/Currency.

This price generation program copies the original price adjustment record and creates a new record in the euro *only* if the adjustment is an actual amount. Otherwise, it copies the original record, retains the factor value, and changes only the currency code.

You can create new advanced price records in the euro:

- With an actual amount
- Without an actual amount

Advanced Price Adjustments with an Actual Amount

You can only create new price adjustment records for advanced price records that have an actual amount, such as those with a basis code of 4 (cost plus) or 5 (add on). You can also create new records for level breaks based-on amounts. You cannot create new advanced price records for amounts with a basis code of 7 (formula).

For example, if the adjustment record is assigned a basis code of 5 (add-on amount), the amount is converted to the euro. In this example, a price adjustment is 100 FRF for an add-on amount. The exchange rate is 6.63258 and the divisor method is used to convert to the euro. The new record price adjustment record is 15.08 EUR.

Advanced Price Adjustments without an Actual Amount

For other types of adjustment records that do not have an actual amount, the generation program creates a copy of the existing record, but no amounts are converted. If the adjustment record is assigned a basis code of 1 (% of base price), the factor value is not converted to the euro.

For example, a price adjustment is 8% ITL of the base price. The new price adjustment record is 8% EUR. The factor value (8) is not converted to the euro. Only the currency code changes.

The following form (Advanced Price and Adjustment Schedule, menu G42311) illustrates this example.

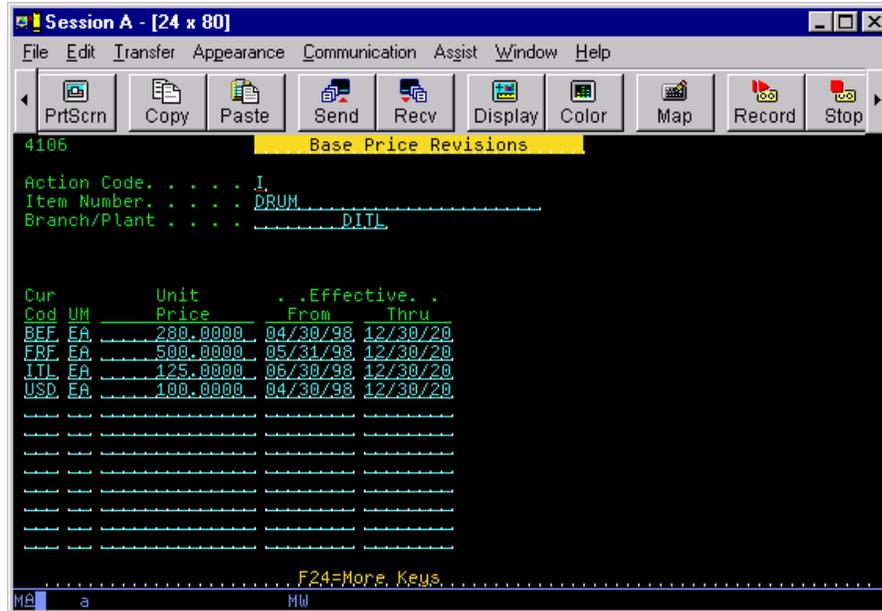
Notice that the factor values (8 and 12) for these price adjustments are not converted. Only the currency code changes.

Cur	From	Quantity	UM	Factor	Basis	Effective From	Effective Thru
BEF		8	EA	10.0000	% of Base Price	03/21/98	12/30/20
EUR		8	EA	10.0000	% of Base Price	01/01/99	12/30/05
EUR		12	EA	12.0000	% of Base Price	01/01/99	12/30/05
ITL		8	EA	10.0000	% of Base Price	03/29/98	12/31/98
ITL		12	EA	12.0000	% of Base Price	04/20/98	12/31/98

Example: Before and After You Create New Base Price Records

Before You Create New Base Price Records

The following form shows an existing price record before a new euro price record is created. Notice that the item has several currency codes and prices.



The processing options for the generation program in this example are set up as follows:

- Mode = Proof
- Effective date = 01/01/99
- Convert to = EUR
- Convert from/exchange rate =
 - FRF 6.4586300
 - BEF 40.7191000
 - ITL 1906.4800000
- Method = divisor

You can create new euro prices for up to 11 currencies at one time, however, most companies will choose to create new euro prices one currency at a time.

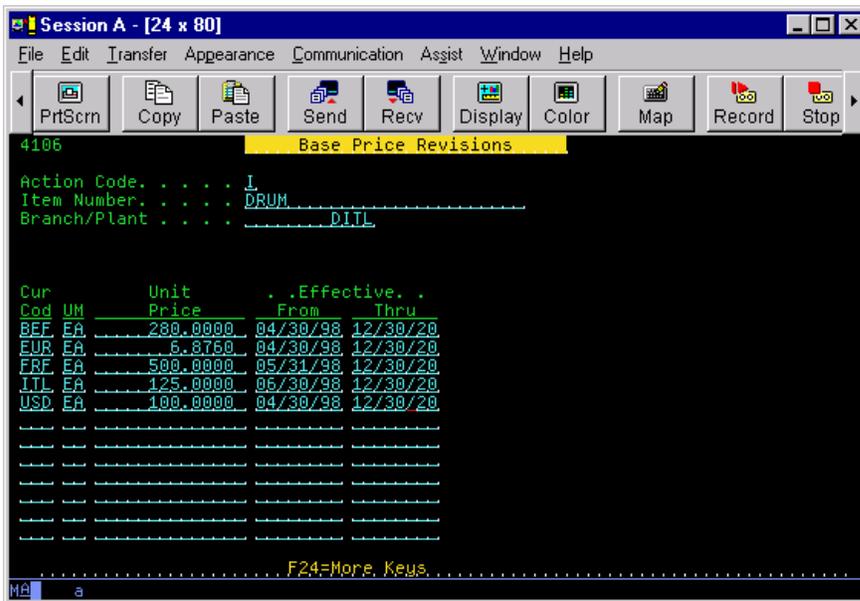
Notice that the processing options are set up to create new euro records for three currencies/exchange rates (FRF, BEF, ITL), however the generation program will create new records in BEF only (the program creates new records in alphabetical order of the currency codes). The generation program creates only one new euro amount. You cannot have more than one euro amount per cost record.

The generation program ran and produced the following report.

410601		J.D. Edwards & Company		Base Price Generation by Currency	
Currency Code - To EUR		Effective From 01/01/99		Page 3	Date 5/01/98
Item No	Description	Branch/Plant	Customer	Expire.	Cur Unit Price(From)/ Credit Price (From)/
Item Grp	Lot	Location	Cust Grp	Potency UM Grd	Converted Price(To) Converted Price(To)
532285	drum	DITL		12/30/0 EA BEF	280.0000 6.8760

The generation program then ran in final mode, which produced the following results on the price record:

New euro price record, based on the Belgian franc (BEF) price record



Notice that the price generation program created only one euro record. Once a euro record is created, the program will not create any additional euro price records for an item unless there is a different effective thru date on the existing record.

When the price generation program creates a new euro price record, it sequences that record alphabetically with the existing records.

After You Create New Base Price Records

The generation program for base price records automatically rounds converted euro amounts to four decimal places when it creates new price records. If your data dictionary is set to display a different number of decimals, that number of decimals will appear on your new price records.

After you run the program in final mode, review the newly created prices on the audit report and adjust them accordingly. For example, the program creates a new price record for 10 DEM as 5.0337 EUR, which you might manually adjust to 5 EUR.

Processing Options

The following processing options are used by the Base Price Generation and Advanced Price Generation programs.

Processing Option	Explanation
Update Options	<p>Proof mode generates an audit report that shows all selected records.</p> <p>Final mode updates the records and generates an audit report that shows only those records that were converted.</p>
Price Additions	This date determines which price records will be generated. If the expiration date of a price is greater than or equal to this date, a new price record will be generated.
Conversion Options	The currency code in which you want to create new price records.
Conversion Options	The currency code of the currency price record and the exchange rate. Currency codes represent base currencies and customer currency codes. Up to 11 currency codes and exchange rates are allowed.
Conversion Options	<p>Multiply or divide the current price by the exchange rate entered in the previous processing option.</p> <p>When converting from a national currency to the euro, you must set this to divide so that you do not violate the no inverse rule.</p>

If you enter more than one currency code and exchange rate in the processing options, the generation program creates new euro records in alphabetical order based on the currency code.

For example, you enter a currency code for FRF, BEF, and ITL in the processing options. The generation program does the following, in sequential order:

1. Creates a new euro price amount for a BEF amount.
2. If not found, creates a new euro price amount for a FRF amount.
3. If not found, creates a new euro price amount for an ITL amount.
4. If not found, creates no new euro price amounts.

Data Selection

Base Price Generation

If your company has multiple branch plants with different currencies, you can run the price generation program for base prices multiple times. By creating records one currency at a time, you help ensure that the new euro price records you create are the ones you intended to create.

Most clients will run the price generation program for base prices by branch/plant, however, it can be run by item number or any other value in the data selection.

For base price records that do not have a branch plant, designate *blanks for branch plant in the data selection.

Advanced Price Adjustment Generation

Most clients will run the generation program for advanced prices by adjustment name, however, it can be run by any other value in the data selection.

Application Outside of the EMU

The price generation programs are designed to convert records for base and advanced price adjustments to any alternate currency.

Sales Orders Entered Before 1999



If you enter a sales order and do not create an invoice for the order before 1 January 1999, you should update the sales order with the most current unit cost, based on the new irrevocably fixed euro exchange rate.

The Update Sales/Price Cost program includes a processing option that updates the currency exchange rate on the sales order with the current exchange rate. This processing option prevents you from creating an invoice with an exchange rate that is no longer in effect. When you set the processing option to use the current exchange rate, you ensure that all invoices that you create as of 1 January 1999 use the fixed euro exchange rate.

Make sure you run this program to update your sales orders with the most current unit cost before you create journal entries for Inventory and Cost of Goods Sold (COGS).

From the End of Day Processing menu (G4213), choose Update Sales/Price Cost.

Recurring Invoices, Credit Notes, and the Euro



If you have recurring invoices and credit note reimbursements with exchange rates that are no longer effective because of the euro, you will need to adjust them.

This topic describes the following:

- How to create new recurring invoices
- How to manage existing credit notes

How to Create New Recurring Invoices

You must cancel any existing recurring invoices that are no longer effective because of the irrevocably fixed euro rates and create new recurring invoices with the new exchange rates.

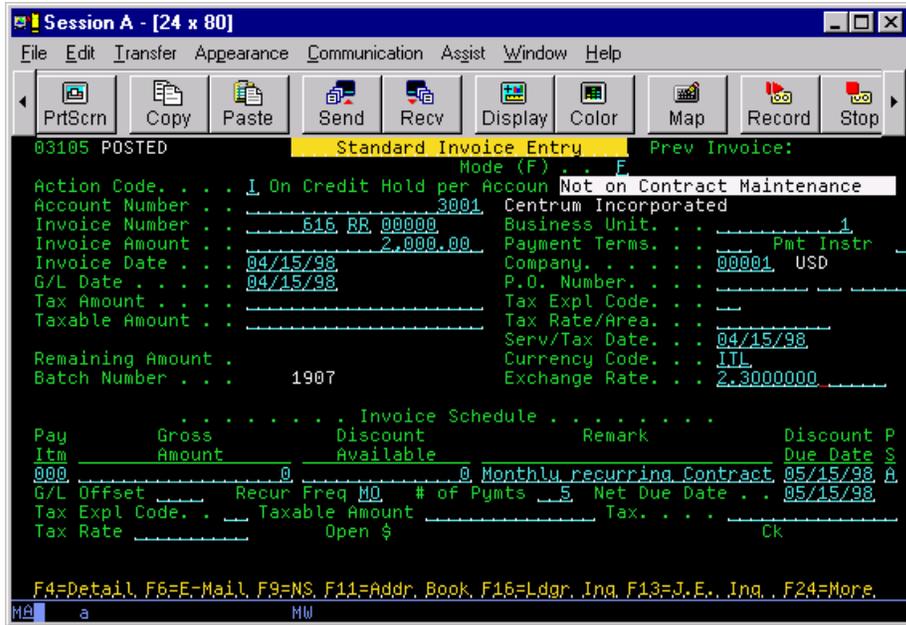
Follow these steps to create a new recurring invoice:

1. From the Other Invoice and Receipts Entry Methods menu (G03111), choose Recurring Invoice Report.

Run this report by currency to determine which recurring invoices must be cancelled and recreated. An error message on the report identifies the recurring invoices that need to be recreated.

2. From the Other Invoice and Receipts Entry Methods menu (G03111), choose Standard Invoice Entry.

Cancel the recurring invoice by clearing the values in the Recurring Frequency and Number of Payments fields, in the detail area.



If you triangulate between two EMU member currencies, the second Exchange Rate field should be blank.

- On Standard Voucher Entry, create a new recurring invoice with the new currency and exchange rate.

How to Manage Existing Credit Notes

If a customer has a credit amount due, you can transfer the amount to the Accounts Payable system so that the customer can be paid. The introduction of the euro impacts this process.

The following describes how to manage existing credit amounts for EMU member currencies, depending on whether it is before or after 1 January 1999.

Before 1 January 1999

Run the Generate Reimbursements program (menu G0321) to automatically reclassify your credit notes and unapplied cash receipts for EMU member currencies. This closes out the credit amount and creates a voucher to pay the credit balance. If you do this by the end of 1998, you will not have to manage existing credit amounts after the EMU currency exchange rates are fixed to the euro.

After 1 January 1999

If you create a credit memo or unapplied receipt before the EMU exchange rates are irrevocably fixed and you do not transfer it to the Accounts Payable system

by the end of 1998, you will need to complete the following steps. These steps are necessary so that when you create transactions after 1 January 1999, you use the new fixed euro exchange rates.

1. Run the credit note reimbursement program in *proof* mode. From the Periodic Processes menu (G0321), choose Generate Reimbursements.
2. Review the list of customers on the proof report and determine the credit amounts that are in EMU member currencies.
3. Do either of the following:
 - Cancel the existing unapplied receipt or credit memo and enter a new one with the correct currency and exchange rate. Pay it later, using the credit note reimbursement program.
 - Close out the existing unapplied receipt or credit memo (document type RM). From the Manual Receipts Processing menu (G0312), choose Receipts Entry. Then create a voucher (document type PV). From the Supplier and Voucher Entry menu (G0411), choose Standard Voucher Entry.

For more information about credit note reimbursements, see *Working with Credit Note Reimbursements* in the *Accounts Receivable Guide*.

Alternate Currency Receipt Setup



With the introduction of the euro, the manual receipt application programs have been enhanced to process receipts in an alternate currency. This means that you can now apply receipts to invoices in a currency other than the domestic or foreign currency.

This topic describes the following:

- Setup requirements for processing alternate currency receipts
- Purpose of an alternate currency clearing account
- How gains and losses are calculated for alternate currency receipts

Setup Requirements for Processing Alternate Currency Receipts

To apply alternate currency receipts to invoices, you must set up the following:

- Alternate currency clearing account and automatic accounting instruction (AAI)
- Alternate currency receipt gain accounts and AAIs
- Alternate currency receipt loss accounts and AAIs
- Processing options

To calculate the gain or loss amount associated with a multi-currency receipt, the system calculates the changes in the exchange rate between the invoiced currency and the base company currency. This is the gain or loss amount that the seller agreed to upon invoicing the buyer in a foreign currency.

When you process alternate currency receipts, there is an additional gain or loss on the transaction that is associated specifically with the receipt of the alternate currency. The system creates separate records for the additional gain or loss associated with the alternate currency receipt. You can designate special accounts and set up your automatic accounting instructions to accommodate the additional gain and loss records.

Alternate Currency Clearing Account and AAI

To record a receipt in an alternate currency, you must set up an alternate currency clearing account to track the currency of the receipt. The receipt amount is recorded in the alternate currency and must be converted to the currency of the invoice. This clearing account provides an audit trail from the cash account entry in the receipt currency to the offset trade account entry in the foreign currency.

The alternate currency clearing account is assigned to AAI item R7 and must follow these rules:

- It must be in the same company as the bank account from which the receipt is made.
- It cannot be a monetary account.
- It must be company specific. You cannot use company 00000 as a default.
- It must include a business unit.

Alternate Currency Gain Accounts and AAIs

To record a gain incurred on an alternate currency receipt, you must set up a new gain account. The account stores the gains that are realized when the domestic amount of a receipt is less than the amount derived by calculating from the alternate currency to the foreign currency to the domestic currency. The amount, which should be minimal, occurs because of rounding issues and appears in the alternate currency gain account.

The gain account for the alternate currency receipt is assigned to AAI item RY. The AAI search sequence used during receipt processing is as follows:

1. The program searches for alternate currency code and company.
2. If not found, the program searches for G/L offset and company.
3. If not found, the program searches for company.
4. If not found, the program searches for alternate currency code and company 00000.

5. If not found, the program searches for G/L offset and company 00000.
6. If not found, the program searches for company 00000.

NOTE: This is the same AAI search sequence that is used for standard gains and losses.

Alternate Currency Loss Accounts and AAI

To record a loss incurred on an alternate currency receipt, you must set up a loss account for an alternate currency receipt. This account shows the losses realized when the domestic amount of a receipt is greater than the amount derived by calculating from the alternate currency to the foreign currency to the domestic currency.

The loss account for the alternate currency receipt is assigned to AAI item RZ. AAI item RZ follows the same search sequence described for AAI item RY.

Processing Options

The new processing options for alternate currency receipts in Cash Receipts (P03103) are listed in the following table:

Processing Options	Explanation
Alternate Currency Processing	Enter 1 to process receipts in the Alternate Currency Method. Leave this field blank to prohibit alternate currency receipt processing.
Draft Processing	If you use Alternate Currency Processing, this field must be left blank.

Purpose of an Alternate Currency Clearing Account

Since the original invoice amount recorded against the receivables trade account is in the domestic or foreign currency, the offset amount must also be in the same currency. To calculate this offset amount, the receipt currency is converted to the domestic or foreign currency and then stored in the clearing account.

The alternate currency clearing account will balance on the domestic side, but not on the foreign side. This is because the foreign side contains different currencies, which will never balance.

The entries for an alternate currency receipt are as follows:

Alternate Currency Receipt Amount		Foreign Receipt Amount	
Alternate Currency Clearing Account		Gains/Losses Receivable Account	
	Cash Account		Alternate Currency Clearing Account

The alternate currency clearing account shows the audit trail from the cash account entry in the receipt currency to the offset entry to the trade account in the foreign currency. In other words, the alternate currency clearing account shows the audit trail of the conversion of the alternate currency into the foreign currency of the original invoice.

How Gains/Losses Are Calculated for Alternate Currency Receipts

When a German company submits an invoice to a French company in French francs and the French company pays in euros, there is no exchange rate gain or loss. This is because the euro member currency rates are fixed to the euro as of 1 January 1999. When the same Germany company pays a supplier in U.S. dollars, or another currency outside of the EMU, the company may record a gain or loss on the receipt.

Gains and losses are calculated using the exchange rates that are effective on the date of the receipt. For alternate currency receipts, two gains or losses are recorded on two different entries.

One entry is calculated based on the fluctuation of the exchange rates between the buyer's currency and the seller's currency. This gain or loss is the same gain or loss that would have been realized if the receipt was not in an alternate currency.

The other entry is the difference between the following amounts:

1. The amount calculated by converting the receipt currency to the seller's currency and then converting to the buyer's currency.
2. The amount calculated by converting from the alternate currency receipt directly to the buyer's currency (this is the amount that is actually paid from the bank account).

A gain is recorded if the amount that is actually paid (2) is less than the amount calculated from converting the receipt currency to the seller's currency to the buyer's currency (1).

The second gain or loss is due to the differences found by calculating from one currency to another and then back to that currency.

Processing Alternate Currency Receipts



According to the “no compulsion, no prohibition” principle, invoices and payments can be handled as follows:

- Suppliers can submit invoices in their national currency or the euro from 1 January 1999 through 31 December 2001.
- Companies can pay vouchers in their national currency or the euro from 1 January 1999 through 30 June 2002.

Based on this principle, companies can choose whether to submit invoices in the euro or their national currency, as long as it is within the euro transition period.

During the euro transition period, companies can pay invoices in the euro even if the invoice they receive is in a national currency. For example, if a French company submits an invoice in deutsche marks to a German company, the German company can pay in euros. Alternatively, the company could pay in deutsche marks.

This topic describes the following:

- How to process alternate currency receipts
- How gains and losses are calculated for alternate currency receipts
- Example: German company receives EUR for FRF invoice
- Application outside of the EMU

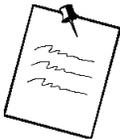
Before you process alternate currency receipts, make sure you complete the setup requirements described in *Alternate Currency Receipt Setup*.

How to Process Alternate Currency Receipts

Processing alternate currency receipts is similar to processing other receipts. The differences between them is explained in the following tasks:

- Entering invoice match receipts
- Creating chargebacks

The system processes alternate currency receipts based on the setup that you do before you process the receipts, with minimal user intervention.



You cannot process alternate currency receipts using batch cash receipts, electronic data interchange (EDI) transactions, or drafts.

Entering Invoice Match Receipts

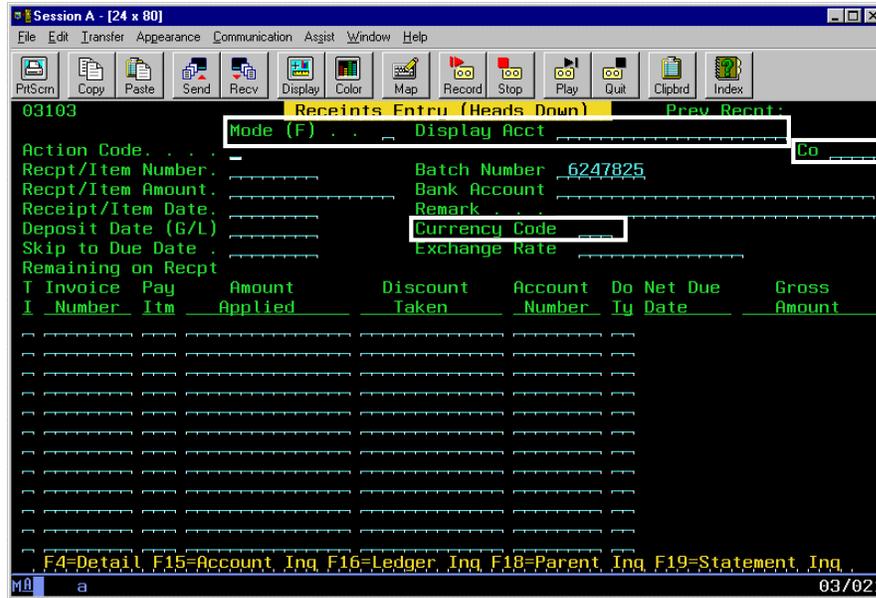
When you receive a payment from a customer, you match the receipt to an invoice or group of invoices. Matching receipts to open invoices is the most common method of applying receipts.

The ability to enter an alternate currency receipt is controlled by a new processing option in the Cash Receipts program. For example, if company policy does not allow alternate currency receipts, this processing option makes it possible to prevent the application of third currency receipts. If the processing option is set up to allow alternate currency receipts, the system determines whether a receipt is in an alternate currency on a transaction-by-transaction basis.

To match invoices with alternate currency receipts, you must do the following on Receipts Entry:

- Enter a customer in the Display Account field.
- Enter a company in the Company field.
- Enter T (third) in the Mode field to indicate that you are processing alternate currency receipts.
- Enter the currency code of the alternate receipt in the Currency Code field. This field is used for query purposes when you display invoices for standard receipt processing.

For alternate currency receipt processing, the Currency Code field in combination with the Mode field designates the alternate currency to which the system will convert the open amounts for the applicable invoices for alternate receipt processing.



The system converts the open amounts of the applicable invoices into the alternate currency and displays the converted open amounts. The amount is converted using the exchange rate between the alternate currency and the invoiced currency. The exchange rate is retrieved from the Currency Exchange Rates table (F0015) based on the G/L date.

Partial Receipts

The system processes partial alternate currency receipts the same as full alternate currency receipts. The alternate currency amount applied to the invoice is converted to the invoiced currency. The converted amount in the invoiced currency is then applied to the invoice.

Spot Rates

You cannot use spot rates if you set up a currency conversion relationship that uses the triangulation method. See *Setting Up Euro Currency Relationships* for more information about triangulation and the euro.

If you use alternate currency receipts for transactions outside of the EMU, you can enter a spot rate between the alternate receipt currency and the base company currency when you match receipts to invoices. Specify the spot rate in the Exchange Rate field.

Error Messages and Troubleshooting

You must set up the new processing option for the Cash Receipts program to allow receipts to be paid in an alternate currency. If the processing option is not set correctly and you specify an alternate currency for the receipt, you will get an error.

Invoices with different G/L dates might have different exchange rates. Because the system uses the G/L date of the invoice to determine the exchange rate gain

or loss on a transaction, you can spread only one unapplied cash receipt at a time.

Creating Chargebacks

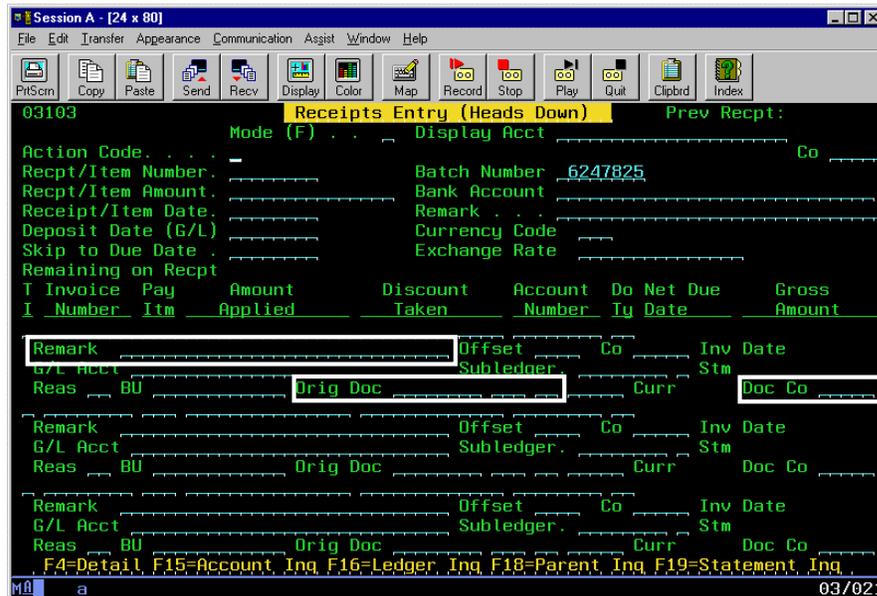
When you apply a receipt to an invoice, you can create a chargeback invoice for a disputed amount. For example, a customer might issue payment for an invoice, less the shipping costs. It may be your company policy to close the original invoice and create a chargeback for the amount of the discrepancy.

You can create chargebacks for a specific invoice and standalone chargebacks for multiple invoices.

The system creates chargebacks for a specific invoice in the invoice currency. To create a chargeback that applies to a specific invoice, you must specify the original invoice. The system uses this information to calculate the chargeback amount.

On Receipts Entry, access the detail area and complete the following fields to specify the original document:

- Original Document Number
- Original Document Pay Item
- Original Document Type
- Document Company



The system creates standalone chargebacks in the receipt currency. To create a standalone chargeback, do not specify the original document.

How Gains/Losses are Calculated for Alternate Currency Receipts

To calculate the gain or loss amount associated with a multi-currency receipt, the system calculates the changes in the exchange rate between the invoice currency and the base company currency. This is the gain or loss amount that the seller agreed to upon invoicing the buyer in a foreign currency.

When you process alternate currency receipts, the system calculates an additional gain or loss that is specifically associated with the receipt of the alternate currency. This gain or loss is derived because the domestic amount of the receipt can be calculated using one of two methods. The first method is to convert the alternate currency receipt amount directly to the domestic currency. The second is to convert the alternate currency receipt amount to the invoice currency and then to convert the invoice currency receipt amount to the domestic currency. If the results of these two methods are not the same, the system recognizes the difference as an additional gain or loss amount.



If all the exchange rates originate from the same source at the same period in time, there is typically no difference in the calculated domestic amounts and no additional gain or loss.

Example: German Company Receives EUR for FRF Invoice

This example illustrates a deutsche mark (DEM) base currency company that issues a French franc (FRF) invoice, which is subsequently paid in euros, an alternate currency.

During alternate currency processing, the receipt amount (EUR) is compared to the invoiced amount (FRF) to determine if the debt has been satisfied. Fluctuations between the domestic currency (DEM) and the invoice currency (FRF) cause the gain or loss. Since the DEM and FRF rates are fixed, there is no exchange rate gain or loss.

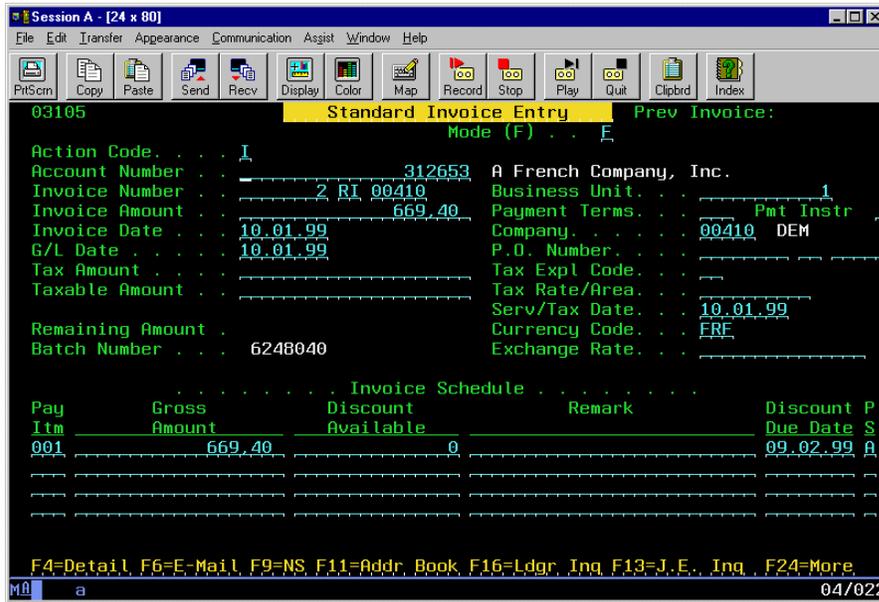
Transaction	Currency	Amount	Exchange Rate 01/01/99	Exchange Rate 02/01/99
Company currency	DEM	200		
Invoice currency	FRF	669.40		
Receipt currency	EUR	100.93		1.00000 EUR = 1.98166 DEM 1.00000 EUR = 6.63257 FRF
Standard gain/loss	N/A			
Alternate gain/loss	DEM			
Write-off	DEM	0.01		

There is not a published exchange rate between DEM and FRF; therefore, conversions must triangulate through the euro. Since the DEM and FRF rates are fixed to the euro, the receipt exchange rates are the same as the invoice exchange rates.

Foreign Currency Invoice (FRF)

The foreign currency invoice on 10 January is 669.40 FRF, which is 200.00 DEM in the billing company’s domestic currency.

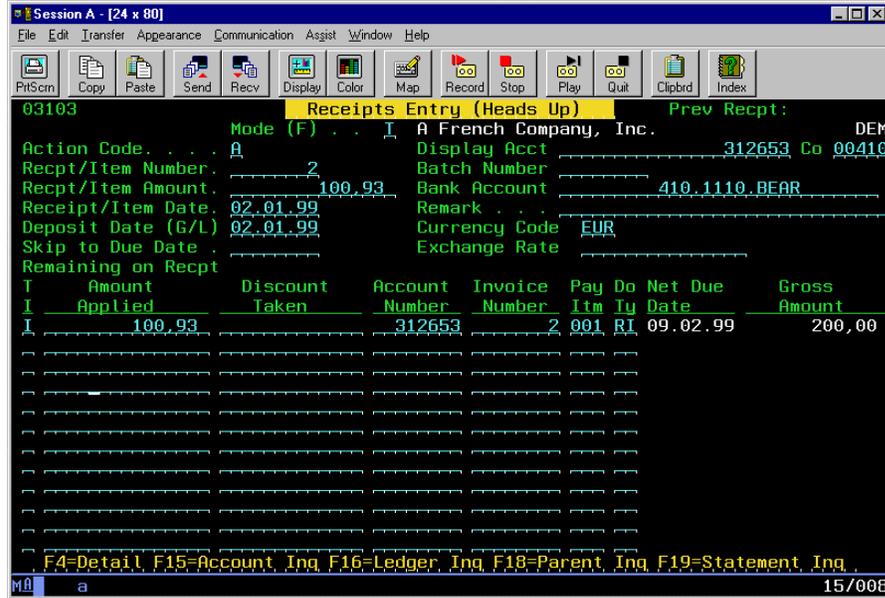
$$(((669.40 \text{ FRF} \times 1.98166) / 6.63257) = 200 \text{ DEM})$$



Alternate Currency Receipt (EUR)

The receipt on 1 February is 100.93 EUR.

$$(669.40 / 6.63257 = 100.93 \text{ EUR})$$



Foreign Currency Amount Applied to Invoice

The foreign currency (FRF) amount applied to the invoice is calculated as follows:

$$100.93 \text{ EUR} \times 6.63257 = 669.43 \text{ FRF}$$

(6.63257 is the exchange rate in effect on the day of receipt, as well as the day of invoice.)

When amounts are converted from national currencies to euros and subsequently converted back into national currencies, there might be discrepancies due to rounding. In this example, there is a discrepancy of 0.03 FRF or 0.01 DEM, the triangulated DEM equivalent of 0.03 FRF. The system applies 669.40 of the 669.43 FRF to the open invoice and 0.03 FRF to the write-off account, as directed by AAIs.

Domestic Currency Amount Applied to Invoice

The domestic currency (DEM) amount applied to the invoice is calculated from FRF to DEM through the euro, using the triangulation method.

$$((669.40 \text{ FRF} \times 1.98166) / 6.63257) = 200.00 \text{ DEM}$$

(1.98166 is the EUR to DEM exchange rate and 6.63257 is the EUR to FRF exchange rate.)

Alternate Currency Gain or Loss

The alternate currency gain or loss is calculated as the domestic amount applied to the bank minus the domestic amount applied to the invoice.

$$200.01 \text{ DEM} - 200.01 \text{ DEM} = 0.00 \text{ DEM}$$

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The system calculates the alternate currency gain/loss based on the following. .

Domestic Amount Applied to Bank

$$100.93 \text{ EUR} \times 1.98166 = 200.01 \text{ DEM}$$

(1.98166 is the EUR to DEM exchange rate)

Domestic Amount Applied to Invoice

$$100.93 \text{ EUR} \times 6.63257 = 669.43 \text{ FRF}$$

$$((669.43 \text{ FRF} / 6.63257) \times 1.98166) = 200.01 \text{ DEM}$$

(6.63257 is the EUR to FRF exchange rate)

Application Outside of the EMU

Example: Canadian Company Receives EUR for JPY Invoice

This example illustrates a Canadian dollar (CAD) base currency company that issues a U.S. dollar (USD) invoice that is subsequently paid with Japanese yen (JPY), the alternate currency. In this example, the Canadian company is using the divisor method for multi-currency transactions. Note that all currencies in this example are for non-EMU member countries.

Transaction	Currency	Amount	Exchange Rate 01/01/99	Exchange Rate 02/01/99
Company currency	CAD	200.00		
Invoice currency	USD	142.57	1.00000 USD = 1.4028 CAD	
Receipt currency	JPY	18,570		1.00000 USD = 1.4357 CAD 1.00000 CAD = 90.720 JPY 1.00000 USD = 130.25 JPY
Standard gain/loss	CAD	4.69		
Alternate gain/loss	CAD	0.01		
Write-off	N/A			

Foreign Currency Invoice (USD)

The foreign currency invoice on 1 January is 142.57 USD, which is 200.00 CAD in the billing company's domestic currency.

$$(142.57 / 0.712860 = 200 \text{ CAD})$$

Alternate Currency Receipt (JPY)

The alternate currency receipt on 1 February is 18,570 JPY.

Foreign Currency Amount Applied to Invoice

The foreign currency (USD) amount applied to the invoice is calculated as follows:

$$18,570 \text{ JPY} / 130.25 = 142.57 \text{ USD}$$

(130.25 is the exchange rate in effect the day the receipt was deposited.)

Domestic Currency Amount Applied to Invoice

The domestic currency (CAD) amount applied to the invoice is calculated as follows:

$$142.57 \text{ USD} / 0.712860 = 200.00 \text{ CAD}$$

(0.712860 is the exchange rate in effect the day the invoice was generated. This rate is the system-generated reciprocal of the 1.4028 exchange rate. The reciprocal is calculated because this transaction is between non-EMU currencies.)

Alternate Currency Gain or Loss

The gain or loss created by the exchange rate fluctuations between the invoice currency and the domestic currency is calculated as follows:

$$142.57 \text{ USD} / 0.696524 = 204.69 \text{ CAD}$$

(0.696524 is the exchange rate in effect the day of the receipt)

$$142.57 \text{ USD} / 0.712860 = 200.00 \text{ CAD}$$

(0.712860 is the exchange rate in effect the day of the invoice)

$$204.69 \text{ CAD} - 200.00 \text{ CAD} = 4.69 \text{ CAD}$$

Domestic Amount of Receipt

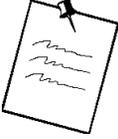
The domestic amount of the receipt, which is the amount debited to the bank, is calculated as follows:

$$18,570 \text{ JPY} / 90.720 = 204.70 \text{ CAD}$$

(90.720 is the exchange rate in effect the day the receipt was deposited)

The alternate currency gain/loss amount is calculated as follows:

$$204.70 - 204.69 = 0.01 \text{ CAD}$$



J.D. Edwards software assumes that the exchange rates originate from the same source at the same period in time. These rates are used to calculate the gains and losses between the domestic currency and the invoice currency, as well as the conversion amounts between the domestic and alternate currency and the invoice and alternate currency

The use of exchange rates from different sources at different periods in time generates inaccurate gains and losses. J.D. Edwards posts differences derived from different exchange rates to an alternate currency gain/loss account through AAIs.

Viewing Customer Amounts in the Euro



Before, during, and after converting your base currency to the euro you can view your customer amounts in three currencies: domestic, foreign, and the euro (or other "as if" currency). Viewing amounts in the euro allows you to view invoice and sales order amounts as if they were stored in a currency other than the currency in which they were actually stored.

For example, you work for a French company that is going to convert to the euro in 2000. Before your company actually converts to the euro, you can view and compare invoice amounts in your domestic currency (French francs) and the euro. Being able to view and compare these amounts should help to ease your transition to the euro.

In the following example, customer invoice amounts display in FRF (French francs), which is the domestic currency of A French Corporation.

032002 Customer Ledger Inquiry Date From

Customer Number 313040 A French Corporation Thru

Parent Number Seq

Invoice Number Thru Paid

Recpt/Item Number Co

Statement Number PayIns

Skip To Page Cur

P	Ty	Document	Item	Date	Net Due/	Gross	Open	P	Recpt/	P
		Number			Rept Dat	Amount	Amount	I	Item	C S
-	RI	6782349	001	01/05/99	02/04/99	1,200.00	1,200.00			
-	RI	6789230	001	01/10/99	02/09/99	4,750.00	4,750.00			
-	RI	7892349	001	01/05/99	02/04/99	2,000.00	2,000.00			
-	RI	6792340	001	01/10/99	02/09/99	5,400.00	5,400.00			
						FRF	Total			
							13,350.00			
							13,350.00			

Opt: 1=Inv. 2=JE 5=Dtl F2=Formats F9=NS F16=Age&Sts F21=Prt F24=More

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In the next example, the currency code is changed to DEM (deutsche marks) to display different invoice amounts for the same customer in a foreign currency.

Session A - [24 x 80]

Customer Ledger Inquiry

Customer Number: 313040 A French Corporation

Parent Number: _____

Invoice Number: _____

Recpt/Item Number: _____

Statement Number: _____

Skip To Page: _____

Date From: _____

Thru: _____

Seq: _____

Paid: _____

Co: _____

PayIns: _____

Cur: DEM

P	Tu	Number	Itm	Date	Net Due/ Rcpt Dat	Gross Amount	Open Amount	P Recpt/ I Item	P C S
0									
RI		6782391	001	01/10/99	02/09/99	8,500.00	8,500.00		A
RI		6789823	001	01/10/99	02/09/99	6,800.00	6,800.00		A
					DEM Total	15,300.00	15,300.00		

Opt: . 1=Inv . 2=JE . 5=Dtl . F2=Formats . F9=NS . F16=Age&Sts . F21=Prt . F24=More

In the next example, the currency code is changed to * (all) to display amounts for both the domestic and foreign invoices in the EUR (euro).

If a currency code appears above the amount column on the left, you are viewing amounts in the as if currency. If a code does not appear, you are viewing amounts in the domestic currency.

Session A - [24 x 80]

Customer Ledger Inquiry

Customer Number: 313040 A French Corporation

Parent Number: _____

Invoice Number: _____

Recpt/Item Number: _____

Statement Number: _____

Skip To Page: _____

Date From: _____

Thru: _____

Seq: _____

Paid: _____

Co: _____

PayIns: _____

Cur: *

EUR

P	Tu	Number	Itm	Date	Net Due/ Rcpt Dat	Gross Amount	Open Amount	P Recpt/ I Item	P C S
0									
RI		6782349	001	01/05/99	02/04/99	180.93	180.93		A
RI		6782391	001	01/10/99	02/09/99	4,289.33	4,289.33		A
RI		6789230	001	01/10/99	02/09/99	716.16	716.16		A
RI		6789823	001	01/10/99	02/09/99	3,431.47	3,431.47		A
RI		7892349	001	01/05/99	02/04/99	301.54	301.54		A
RI		8792340	001	01/10/99	02/09/99	814.16	814.16		A
					FRF Total	9,733.59	9,733.59		

Opt: . 1=Inv . 2=JE . 5=Dtl . F2=Formats . F9=NS . F16=Age&Sts . F21=Prt . F24=More

The as if currency (EUR) amounts that appear on this form are not written to a table, but are stored in temporary memory. One of advantages of the euro display functionality is that it does not impact your disk space.

The following report shows journal entries for the alternate currency clearing account (AAI item R7) after the 1,200.00 FRF invoice was paid in the euro.

Posting Journal										Page	1
Post Out of Balance :										Date	5/04/98
Create Intercompany Settlements: *											
Do Document Ty	G/L Date	Co	Account Description	G/L Account	Subldgr-Ty/Asset	Number	Amounts		LT	Units	
							Debit	Credit			
R7	11 02/01/99	00420	Clearing Account FrF Company	DEM	420.7500	CLEAR		1,200.04	AA		
R7	11 02/01/99	00420	Clearing Account FrF Company	EUR	420.7500	CLEAR	180.93		CA		
R7	11 02/01/99	00420	Clearing Account FrF Company	DEM	420.7500	CLEAR	1,200.04		AA		

This topic describes the following:

- Dates that affect the customer amounts you view
- How to view invoices in the euro
- How to view sales orders in the euro
- Application outside of the EMU

Dates that Affect the Customer Amounts You View

Before you view customer amounts in the euro, it is important to understand the different dates that affect the customer invoice and sales order amounts you view on the Customer Ledger and Customer Service Inquiry forms. These dates are:

- The effective date on the Set Daily Transaction Rates form. The inquiry program searches for the most recent effective date for a currency and uses the corresponding exchange rate in the currency calculation.
- The From and Thru Dates on the inquiry form. This date range determines which transactions appear on the form.
- One of the following dates, which is used to retrieve the transaction rate:
 - As of date in the processing options. If the as of date is blank, the program uses the following:
 - Thru Date on the inquiry form. If the processing option and Thru date are blank, the program uses the following:
 - System date.

By understanding these dates and how the inquiry program uses them, you can ensure that you specify the correct date when you view your customer amounts.

The Thru Date on the form does *not* override the as of date in the processing options. For this reason, you might want to set up two different versions of this

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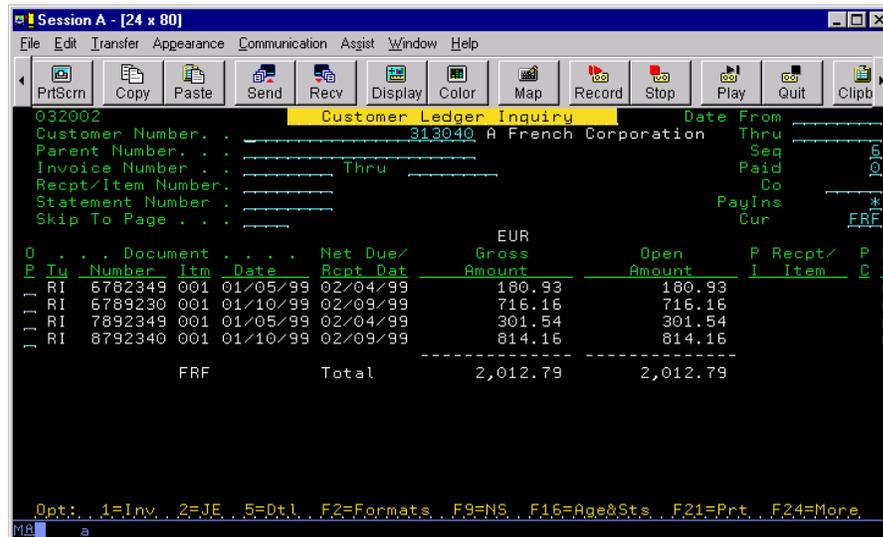
program, one with an as of date in the processing options, the other without an as of date (which allows you to use the Thru Date for the exchange rate).

To sequence amounts by date, enter 2 (net due date), 3 (invoice date), or 8 (G/L Date) in the Sequence field on Customer Ledger Inquiry, as you have done in previous releases of WorldSoftware. If you do not enter one of these values, you will not see amounts on the form.

How to View Invoices in the Euro

The exchange rates for EMU member currencies will be fixed to the euro as of 1 January 1999. Invoices entered before this date are based on prior exchange rates, whereas invoices entered as of this date will be based on either the fixed euro rate or another exchange rate.

From the Customer and Invoice Entry menu (G0311), choose Customer Ledger Inquiry.



The screenshot shows the 'Customer Ledger Inquiry' form for customer 032002. The form displays a table of invoices with columns for Document Number, Item, Date, Receipt Date, Gross Amount, and Open Amount. The currency is set to EUR. The total amount is 2,012.79 EUR.

Document	Item	Date	Receipt Date	Gross Amount	Open Amount
RI 6782349	001	01/05/99	02/04/99	180.93	180.93
RI 6789230	001	01/10/99	02/09/99	716.16	716.16
RI 7892349	001	01/05/99	02/04/99	301.54	301.54
RI 8792340	001	01/10/99	02/09/99	814.16	814.16
FRF Total				2,012.79	2,012.79

To toggle between the domestic currency and the euro (or other as if currency), press F19. To print the euro amounts on a report, press F21 while viewing the euro amounts.

You can display euro amounts on the Customer Ledger Inquiry form in the following formats:

- Gross/Open format. Amounts in the Gross and Open columns display in the euro, or other alternate currency, as designated in the processing option.
- Domestic Gross/Foreign Gross. Amounts in the Domestic Gross and Open columns display in the euro currency. The foreign Gross and Open column amounts continue to display in the foreign transaction amounts.

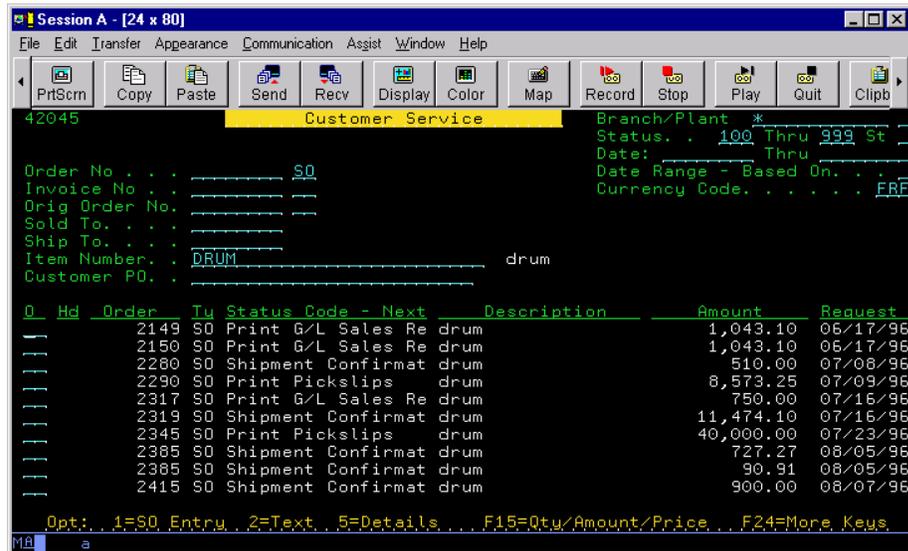
This enhancement was not designed for currency restatement. It does not handle gains/losses, out-of-balance transactions caused by rounding, or integrity

between tables. For exact amounts when working with an alternate currency, continue to use the currency restatement program.

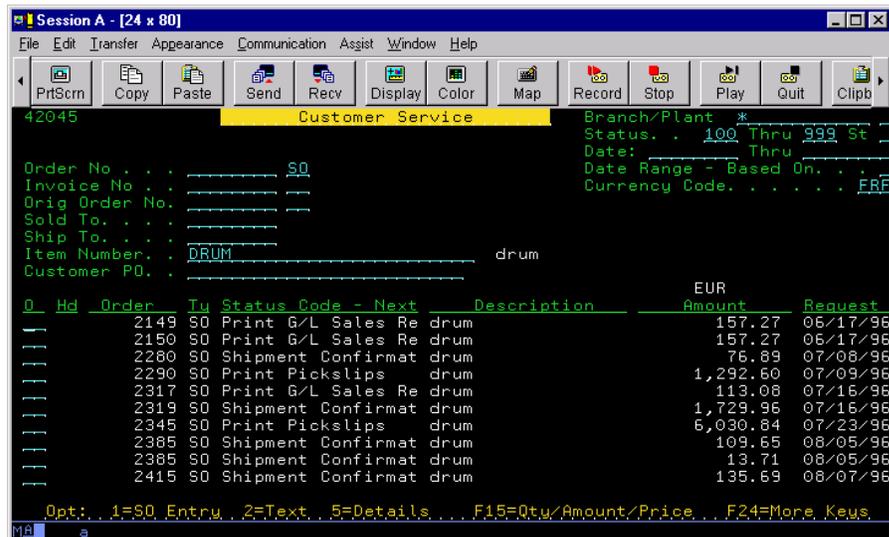
How to View Sales Orders in the Euro

As of 1 January 1999, the exchange rates for EMU member currencies will be fixed to the euro. Sales orders entered before this date are based on prior exchange rates, whereas sales orders entered after this date are based on the fixed euro rate.

From the Sales Order Inquiries menu (G42112), choose Customer Service.



To toggle between the domestic currency and the euro (or other as if currency), press F18. (For all other inquiry programs, this is F19.)



To print the converted amounts on a report, press F21 while viewing the euro amounts.

Processing Options

Processing Option	Explanation
As-If Currency Display	The currency code in which you want to view as-if amounts. If left blank, amounts display in their original currency.
As-Of Date	The date to use for calculating the exchange rate for the as-if currency. If left blank, the Thru Date is used. If both the processing option and the Thru Date are blank, the system (today's) date is used.

Application Outside of the EMU

The Dynamic Euro Amount Display enhancement was designed for viewing amounts between two currencies that are irrevocably fixed to one another. There are limitations to using this enhancement outside the euro because other currency exchange rates fluctuate.

Glossary

EU

EMU

Triangulation

No Inverse Rule

Spot Rates

Euro

BASDA

EMU member nations/currencies

Generation program

Conversion program

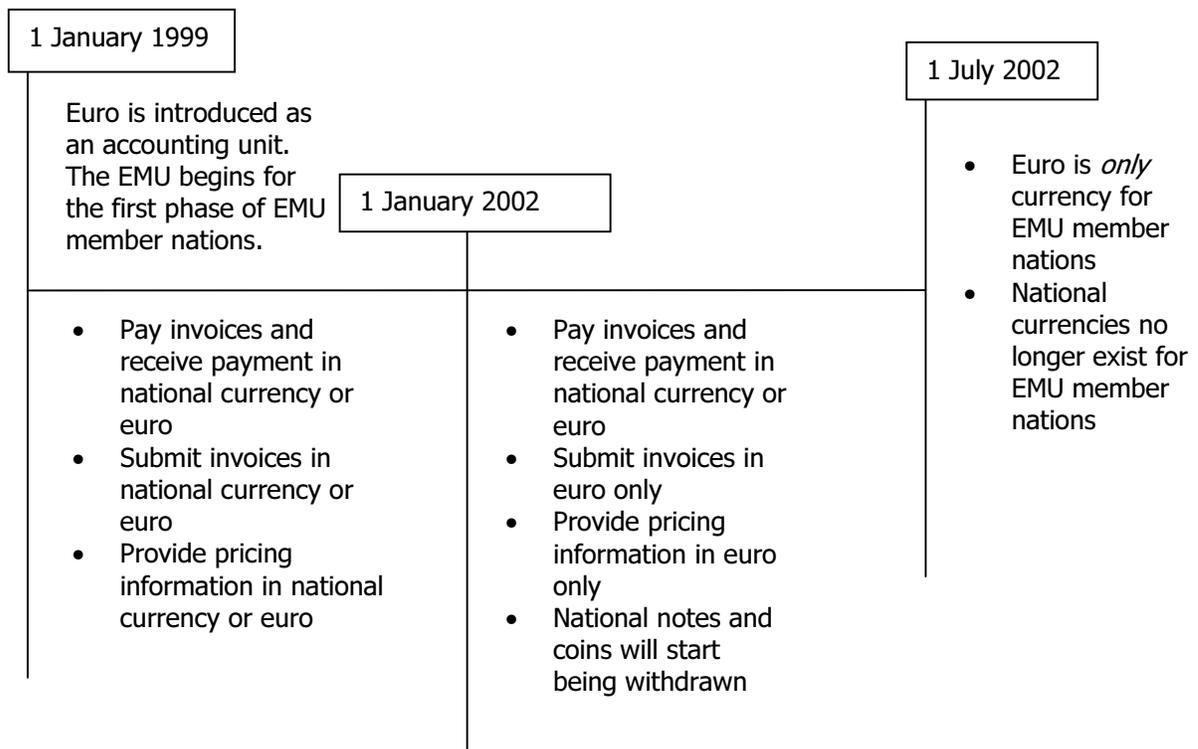
Euro Display

Suppliers and the Euro



The following timeline is based on the principles of "no compulsion, no prohibition." These principles basically state that companies are under no obligation to transact business in the euro beginning on 1 January 1999. The principles also state that companies cannot prohibit their suppliers or customers from transacting business in the euro.

The timeline illustrates how Economic and Monetary Union (EMU) member nations will be expected to handle receipts and payments during the euro transition period, from 1 January 1999 to 1 July 2002.



During the euro transition period, your company must be prepared to process supplier invoices and purchase orders in the euro. This is regardless of whether the original transaction was in another currency or whether your company has converted its base currency to the euro.

For example, a French company can continue to pay a German supplier in deutsche marks. However, it should be able to process supplier's invoices in euros, if that is how the German supplier chooses to submit them.

In addition to being able to submit payments to suppliers and process receipts in the euro, companies might want to track their supplier statistical amounts and balances in the euro. This includes year-to-date and prior year vouchered amounts, minimum and maximum order values, and so on.

Converting prices to the euro presents new challenges to companies since it becomes easier for suppliers to compare prices between countries. Inevitably, prices for products in the euro will vary across countries because the cost of doing business varies across countries.



You will run the supplier conversion and price generation programs during the euro transition period. These conversion programs are part of the A7.3 CU9 enhancement. Do not confuse them with the euro conversion programs. The euro conversion programs, which are in E9, convert a company's base currency to the euro.

Checklist: Convert Suppliers to the Euro

Complete the items in the following checklist to convert a supplier or group of suppliers to the euro, calculate gains and losses for A/P euro realization, and process payments in the euro. The checklists are divided into two categories:

- One-time only tasks
- Periodic tasks

One-Time Only Tasks

- Set up accounts, AAIs, and processing options for alternate currency payment processing
- Calculate A/P gains and losses for euro realization
- Understand how the gains and losses program handles purchase orders entered before 1999
- Create new recurring vouchers in the euro

Periodic Tasks

- Convert supplier address book amounts and address book currency to the euro and change default supplier currency to the euro (manually or with conversion program)
- Create new cost records in the euro (manually or with conversion program)

- Process alternate currency payments in the euro
- View supplier address book amounts in the euro

Topics in This Section

This section includes the following topics:

- Euro Realization in Accounts Payable
- Converting Supplier Amounts to the Euro
- Creating New Cost Records in the Euro
- Purchase Orders, Vouchers, and the Euro
- Alternate Currency Payment Setup
- Processing Alternate Currency Payments
- Reviewing Supplier Amounts in the Euro
- Electronic Payments in the Euro

Euro Realization in Accounts Payable



After 31 December 1998, the exchange rates between Economic and Monetary Union (EMU) member currencies and the euro will be irrevocably fixed. Because the rates will no longer fluctuate, member nations will no longer record gains and losses on transactions that are created on or after 1 January 1999.

Accounting for the Introduction of the euro, a document published by the European Commission, provides several guidelines about gains and losses for euro realization. This document states the following:

Exchange losses on monetary assets and liabilities are normally taken into account immediately. Exchange gains on monetary liabilities should also be taken into account as they reduce the amount which will ultimately be payable. There is no doubt about the realization of the exchange gains on these liabilities because financial statements are drawn up under the assumption that liabilities are settled upon maturity at face value.

According to European Union (EU) regulations, companies in all EMU member nations must realize *losses* on exchange differences between EMU member currencies by 31 December 1998, regardless of which currency their company uses for accounting purposes. This includes losses on open vouchers.

This topic describes the following:

- When to calculate A/P gains and losses for euro realization
- A/P setup requirements for euro realization
- How to calculate A/P gains and losses for euro realization
- Example: A/P losses for euro realization
- Example: A/P gains and losses for euro realization

When to Calculate A/P Gains and Losses for Euro Realization

Each EMU member nation has its own regulations about when *gains* between EMU member currencies must be realized. For example, a nation might have the following requirements:

- Losses on EMU currency transactions must be realized in accounts closing 31 December 1998
- Gains on EMU currency transactions can be realized as late as 31 December 1999

Companies can calculate gains and losses for euro realization at the end of 1998, regardless of whether they plan to convert their base currency to the euro in 1999.

You can calculate your A/P gains and losses for euro realization before *or* after you convert your company's base currency to the euro. The following this:

The euro conversion converts every entry and offsetting entry in your system from your base currency to the euro. For example, your base currency is Belgian francs. Your transactions are in Belgian francs, as well as your gains and losses. When you run the conversion, each transaction is converted to the equivalent euro amount. As a result, it does not matter whether you calculate gains and losses for euro realization before or after the euro conversion.

A/P Setup Requirements for Euro Realization

Before you can calculate and record realized gains and losses for euro realization, ensure that the following are set up correctly:

- Realized gain and loss accounts
- Automatic accounting instructions (AAIs)
- Processing options

Realized Gain and Loss Accounts

For euro realization, you must set up *realized* gain and loss accounts for A/P. If you process automatic payments, these accounts already exist. You might want to set up special A/P trade accounts for euro realization processing.

If you use the Currency Gains and Losses program to calculate unrealized gains and losses, you have already set up unrealized gain and loss accounts. You will continue to use these accounts for non-EMU currency transactions.

Automatic Accounting Instructions (AAIs)

When you calculate realized and unrealized gains and losses, the system uses AAIs to distribute the gain or loss to the correct G/L account. Typically, the AAI items for A/P are (xxx represents the currency code and yyy represents the G/L offset code):

- PGxxx for realized gains
- PLxxx for realized losses
- PVxxx for unrealized gains
- PWxxx for unrealized losses
- PRyyy for unrealized gain/loss offsets

Typically, AAI item Pryyy points the offset amounts to an A/P trade account. However, you might choose to point the offset amounts to an account that rolls up into the A/P trade account.

To calculate realized gains and losses on open vouchers between EMU member currencies, you must set up a separate DREAMWriter version of the Currency Gains and Losses program. This program has been enhanced to meet the euro requirements.

Before you run the Currency Gains and Losses program, you must change or add unrealized AAI items by currency (PVxxx, PWxxx, and PRyyy) to point from unrealized accounts to *realized* accounts. Accrual entries and realized gain and loss entries flow in and out of these realized accounts until you completely process the vouchers that were open before the exchange rates for the EMU member currencies were irrevocably fixed.

You will no longer calculate unrealized gains and losses against transactions between EMU member nations since exchange rates do not fluctuate after 1 January 1999. This explains why you can change the unrealized AAI item to point to a realized account.

You must set up AAI items PV and PW by currency code. The currency code separates realized and unrealized transactions within the same company, which allows you to continue to recognize unrealized gains and losses for non-EMU currencies. If only EMU member currency companies are set up in your environment, you may not have to set up AAI items PV and PW by company and currency.



If most of the gains and losses you realize are based on EMU currencies and your gain and loss AAIs are *not* currently set up by currency, you can save time by doing the following:

- Set up new gain and loss AAIs by currency for each non-EMU currency.
- Change the "old" gain and loss AAIs (these are default AAIs and do not have a currency code) to point to realized accounts, as described in this documentation. This would cause all EMU currency gains and losses to be directed to a realized account.

Example: AAI Setup for Two Companies

Company	Domestic	Foreign	AAI Item	Type of Account	Reason
Company 1	DEM	FRF	PVFRF	Realized Gain	Both EMU currencies
Company 1	DEM	USD	PVUSD	Unrealized Gain	One non-EMU currency
Company 2	USD	FRF	PVFRF	Unrealized Gain	One non-EMU currency
Company 2	USD	DEM	PVDEM	Unrealized Gain	One non-EU currency

AAIs by Currency: Company 1 has foreign vouchers in FRF and USD. The company directs the gain or loss related to the FRF voucher to a realized account and the gain or loss related to the USD voucher to an unrealized account.

AAIs by Company: Company 1 and company 2 both have foreign vouchers in FRF so the AAI item is PVFRF. Company 1 directs the AAI item to a realized account, while company 2 directs the same AAI item to an unrealized account.

Processing Options for Currency Gains and Losses

The EU and EMU member nations have regulations about how and when companies calculate gains and losses for euro realization.

To handle the various regulations, a processing option for the Currency Gains and Losses program allows you to create journal entries for:

- Gains and losses
- Gains only
- Losses only
- No journal entries (proof mode)

This new processing option provides the flexibility that allows EMU member nations to realize gains over an extended period of time.

If you set the processing option for gains only and there are losses only, the program does not create journal entries in final mode. Instead, it prints a report with a message that no journal entries were created. This message also prints if you set the processing option for losses only and there are gains only.

Processing Option	Explanation
Journal Entries	Specify one of the following values, depending on the type of journal entries you want to create: 1 — Gains and losses 2 — Losses 3 — Gains 4 — Do not create journal entries (default)



The functionality of this new processing option has existed in the Monetary Account Valuation program in previous releases.

When to Calculate A/P Gains and Losses for Euro Realization

You can calculate your A/P gains and losses for euro realization before *or* after you convert your company's base currency to the euro. The following describes why you can do this before or after the euro conversion:

The euro conversion converts every entry and offsetting entry in your system from your base currency to the euro. For example, your base currency is Belgian francs. Your transactions are in Belgian francs, as well as your gains and losses. When you run the conversion, each transaction is converted to the equivalent euro amount. As a result, it does not matter whether you calculate gains and losses for euro realization before or after the euro conversion.

How to Calculate A/P Gains and Losses for Euro Realization

From the Multi-Currency Monthly Valuation menu (G1121), choose Currency Gains and Losses.

To calculate realized gains and losses on exchange differences for euro realization on open A/P transactions, you run the Currency Gains and Losses program. This program was enhanced in release A7.3 CU9 to realize gains and losses for open EMU currency transactions for A/P. The gains and losses that this program creates *and* the gains and losses that are created during payment processing comprise the realization solution. The realization solution does *not* impact the original A/P Ledger transactions (F0411).

The payment processing program has not changed. It continues to calculate realized gains and losses as usual.

Set up different DREAMWriter versions of this program to calculate gains only, losses only, and both gains and losses for euro realization. If you set up different versions, you do not have to change the processing option each time you run the program for a different type of calculation.

Example: A/P Losses for Euro Realization

This example shows realized losses on open vouchers for a one-month period. In this example, the Currency Gains and Losses program is set to create journal entries for losses only. The standard payment process will create journal entries for gains in January 1999.

15 December 1998

Company 1 uses DEM as its base currency and has four open vouchers as of 15 December 1998.

This example uses a USD voucher (PV4) to show that when the program calculates realized gains and losses for EMU member currencies, it does not change how it processes unrealized gains and losses for non-EMU member currencies.

Voucher	Domestic Amounts	Foreign Amounts	Exchange Rate 15/12/98
PV 1	597.54 DEM	2000.00 FRF	.29877
PV 2	484.70 DEM	10000 BEF	.04847
PV 3	2390.16 DEM	8000.00 FRF	.29877
PV 4	881.92 DEM	500.00 USD	1.76383

31 December 1998

On 31 December 1998, the exchange rates are irrevocably fixed for EMU member currencies. As a result, the exchange rates are calculated using triangulation and the no inverse rule, based on the following (unofficial) rates:

- 1 EUR = 6.45863 FRF
- 1 EUR = 1.0235 USD
- 1 EUR = 39.7191 BEF
- 1 EUR = 1.92573 DEM

Voucher	Calculation	Calculated Exchange Rate
PV 1	$((2000.00 / 6.45863) * 1.92573) = 596.33 / 2000.00$	0.298165
PV 2	$((10000 / 39.7191) * 1.92573) = 484.84 / 10000$	0.048484
PV 3	$((8000.00 / 6.45863) * 1.92573) = 2385.31 / 8000.00$	0.298164
PV 4	$((500.00 / 1.0235) * 1.92573) = 940.76 / 500.00$	1.88152

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The following table shows the gains and losses calculated from the change in exchange rates.

Voucher	Domestic Amounts	Foreign Amounts	Exchange Rate 31/12/98	Gain (+) or Loss (-)
PV 1	596.33 DEM	2000.00 FRF	.298165	+ 1.21 DEM
PV 2	484.84 DEM	10000 BEF	.048484	- 0.14 DEM
PV 3	2385.31 DEM	8000.00 FRF	.298164	+ 4.85 DEM
PV 4	940.76 DEM	500.00 USD	1.88152	- 58.84 DEM

The Currency Gains and Losses program creates the following journal entries on 31 December 1998. Notice that the journal entry for the USD currency loss is recorded in an unrealized account, while the BEF currency loss is recorded in a realized account.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	PWBEF	Realized Loss	+ .14 DEM
JX 2	PRBEF	Accounts Payable Trade	- .14 DEM
JX 4	PWUSD	Unrealized Loss	+ 58.84 DEM
JX 4	PRUSD	Accounts Payable Other	- 58.84 DEM

Journal entries are not created for gains because the processing option was set to create losses only.

1 January 1999

On 1 January 1999, reversing journal entries are created for both realized and unrealized losses:

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	PWBEF	Realized Loss	- .14 DEM
JX 2	PRBEF	Accounts Payable Trade	+ .14 DEM
JX 4	PWUSD	Unrealized Loss	- 58.84 DEM
JX 4	PRUSD	Accounts Payable Other	+ 58.84 DEM

During January, all four vouchers are paid. The realized gains and losses are calculated during payment processing. These calculations occur independently of the Currency Gains and Losses program.

Journal Entry Type	Type of Account	Domestic Amounts	Foreign Amounts
PK 1	Cash in Bank	- 596.33 DEM	- 2000.00 FRF
PG 1	Realized Gain	- 1.21 DEM	
AE 1	Accounts Payable Trade	597.54 DEM	2000.00 FRF
PK 2	Cash in Bank	- 484.84 DEM	- 10000 BEF
PG 2	Realized Loss	.14 DEM	
AE 2	Accounts Payable Trade	484.70 DEM	10000 BEF
PK 3	Cash in Bank	-2385.31 DEM	- 8000.00 FRF
PG 3	Realized Gain	- 4.85 DEM	
AE 3	Accounts Payable Trade	2390.16 DEM	8000.00 FRF
PK 4	Cash in Bank	-940.76 DEM	- 500.00 USD
PG 4	Realized Loss	58.84 DEM	
AE 4	Accounts Payable Trade	-881.92 DEM	500.00 USD

The following T-accounts show that since realized losses were calculated in December, there is a net amount of zero for realized losses in January.

Realized Loss Account December	
0.14	

Realized Loss Account January	
	0.14
0.14	

The processing option for the Currency Gains and Losses program was *not* set to realize gains on 31 December 1998. Therefore, gains on the FRF vouchers that were paid in January were realized in January.

Since the vouchers were paid before 31 January 1999, the realization process that ran at the end of January did not select them. The following T-accounts show the entries ere recorded for those transactions:

Realized Gain Account December	

Realized Gain Account January	
	1.21
	4.85

Example: A/P Gains and Losses for Euro Realization

This example shows realized gains and losses on open vouchers that exist for more than a one-month period. In this example, the Currency Gains and Losses program is set to create journal entries for both gains and losses.

15 December 1998

Company 1 uses DEM as its base currency and has four open vouchers as of 15 December 1998.

Voucher	Domestic Amounts	Foreign Amounts	Exchange Rate 15/12/98
PV 1	597.54 DEM	2000.00 FRF	0.29877
PV 2	484.70 DEM	10000 BEF	0.04847
PV 3	2390.16 DEM	8000.00 FRF	0.29877
PV 4	881.92 DEM	500.00 USD	1.76383

31 December 1998

On 31 December 1998, the exchange rates are irrevocably fixed for EMU member currencies. As a result, the exchange rates are calculated using triangulation and the no inverse rule, based on the following (unofficial) rates:

- 1 EUR = 6.45863 FRF
- 1 EUR = 1.0235 USD
- 1 EUR = 39.7191 BEF
- 1 EUR = 1.92573 DEM

Voucher	Calculation	Calculated Exchange Rate
PV 1	$((2000.00 / 6.45863) * 1.92573) = 596.33 / 2000.00$	0.298165
PV 2	$((10000 / 39.7191) * 1.92573) = 484.84 / 10000$	0.048484
PV 3	$((8000.00 / 6.45863) * 1.92573) = 2385.31 / 8000.00$	0.298164
PV 4	$((500.00 / 1.0235) * 1.92573) = 940.76 / 500.00$	1.88152

The following table shows the gains and losses calculated from the change in exchange rates.

Voucher	Domestic Amounts	Foreign Amounts	Exchange Rate 31/12/98	Gain (+) or Loss (-)
PV 1	596.33 DEM	2000.00 FRF	.298165	+ 1.21 DEM
PV 2	484.84 DEM	10000 BEF	.048484	- 0.14 DEM
PV 3	2385.31 DEM	8000.00 FRF	.298164	+ 4.85 DEM
PV 4	940.76 DEM	500.00 USD	1.88152	- 58.84 DEM

The Currency Gains/Losses program creates the following journal entries on 31 December 1998.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 1	PWFRF	Realized Gain	- 1.21 DEM
JX 1	PRFRF	Accounts Payable Trade	1.21 DEM
JX 2	PVBEF	Realized Loss	0.14 DEM
JX 2	PRFRF	Accounts Payable Trade	- 0.14 DEM
JX 3	PVFRF	Realized Gain	- 4.85 DEM
JX 3	PRBEF	Accounts Payable Trade	4.85 DEM
JX 4	PWUSD	Unrealized Loss	58.84 DEM
JX 4	PRUSD	Accounts Payable Other	- 58.84 DEM

The journal entries for the FRF and BEF vouchers are recorded in realized accounts. The journal entry for the USD voucher is recorded in an unrealized account during standard period-end processing.

1 January 1999

On 1 January 1999, reversing journal entries are created for both realized gains and losses.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 1	PWFRF	Realized Gain	1.21 DEM
JX 1	PRFRF	Accounts Payable Trade	- 1.21 DEM
JX 2	PVBEF	Realized Loss	- 0.14 DEM
JX 2	PRFRF	Accounts Payable Trade	0.14 DEM
JX 3	PVFRF	Realized Gain	4.85 DEM
JX 3	PRBEF	Accounts Payable Trade	- 4.85 DEM
JX 4	PWUSD	Unrealized Loss	- 58.84 DEM
JX 4	PRUSD	Accounts Payable Other	58.84 DEM

During January, voucher PV 1 is paid and the loss is realized during payment processing. The payment calculations occur independently of the Currency Gains and Losses program.

Journal Entry Type	Type of Account	Domestic Amounts	Foreign Amounts
AE 1	Accounts Payable Trade	597.54 DEM	2000.00 BEF
PG 1	Realized Gain	- 1.21 DEM	
PK 1	Cash in Bank	- 596.33 DEM	-2000.00 BEF

31 January 1999

On 31 January 1999, vouchers PV 2 (BEF), PV 3 (FRF), and PV 4 (USD) remain open. The Currency Gains and Losses program will again create realized journal entries for the FRF and BEF vouchers and the program will create unrealized journal entries for the USD voucher. Realized journal entries were created for the paid voucher (PV1) during payment processing and are bypassed by the program.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	PVBEF	Realized Loss	0.14 DEM
JX 2	PRBEF	Accounts Payable Trade	- 0.14 DEM
JX 3	PVFRF	Realized Gain	- 4.85 DEM
JX 3	PRFRF	Accounts Payable Trade	4.85 DEM
JX 4	PVUSD	Unrealized Loss	58.84 DEM
JX 4	PRUSD	Accounts Payable Other	- 58.84 DEM

1 February 1999

On 1 February 1999, reversing journal entries are created for the realized gains.

Journal Entry Type	AAI Item	Type of Account	Amount
JX 2	PVBEF	Realized Loss	- 0.14 DEM
JX 2	PRBEF	Accounts Payable Trade	0.14 DEM
JX 3	PVFRF	Realized Gain	4.85 DEM
JX 3	PRFRF	Accounts Payable Trade	- 4.85 DEM
JX 4	PVUSD	Unrealized Loss	- 58.84 DEM
JX 4	PRUSD	Accounts Payable Other	58.84 DEM

The remaining three vouchers are paid in February and the gains and losses are realized during payment processing.

Journal Entry Type	Type of Account	Domestic Amounts	Foreign Amounts
AE 2	Accounts Payable Trade	484.70 DEM	10000 BEF
PG 2	Realized Loss	0.14 DEM	
PK 2	Cash in Bank	- 484.84 DEM	- 10000 BEF
AE 3	Accounts Payable Trade	2390.16 DEM	8000.00 FRF
PG 3	Realized Gain	- 4.85 DEM	
PK 3	Cash in Bank	- 2385.31 DEM	- 8000.00 FRF
AE 4	Accounts Payable Trade	881.92 DEM	500.00 USD
PG 4	Realized Loss	58.84 DEM	
PK 4	Cash in Bank	- 940.76 DEM	- 500.00 USD

The Currency Gains and Losses program is run again on 28 February 1999, during standard period-end processing. The program bypasses the vouchers since they have already been paid.

The following T-accounts show the journal entries for the realized accounts in December.

Realized Loss Account December		Realized Gain Account December	
0.14			1.21
			4.85

The following T-accounts show the journal entries for the realized accounts in January.

Realized Loss Account January		Realized Gain Account January	
	0.14	1.21	
0.14		4.85	
			* 1.21
			4.85

* This entry was created when the voucher was paid; it was not created by the Currency Gains and Losses program.

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The following T-accounts show the journal entries for realized accounts in February.

Realized Loss Account	
February	
	0.14
*0.14	

Realized Gain Account	
February	
4.85	
	*4.85

* These entries were created when the voucher was paid; they were not created by the Currency Gains and Losses program.

Since the original journal entries for realized gains and losses were created in December, the overall impact is zero for January and February.

Converting Supplier Amounts to the Euro



You convert your supplier's default currency and statistical amounts to the euro for the following reasons:

- Your supplier wants to receive payments in the euro
- You want to submit payments to your suppliers in the euro
- You want to see a supplier's statistical amounts in the euro

This topic describes the following:

- When to convert supplier address book amounts
- How to convert supplier address book amounts
- How to change supplier default currencies
- Application outside of the EMU

When to Convert Supplier Address Book Amounts

Throughout your company's transition to the euro, you will convert supplier amounts and default currencies to the euro. You can convert these amounts and currencies on a supplier-by-supplier basis, or you can convert multiple suppliers at one time. Additionally, you can convert a supplier's statistical amounts and default currency at the same time, or independently of one another. To convert the statistical amounts, you must have already set up EMU member currency relationships and exchange rates.

After your company converts its base currency to the euro, you may submit payments in either the euro or the national currency of EMU suppliers, as long as it is within the euro transition period. For example, if a French supplier has not yet converted to the euro, you can pay them in the French franc even if your company has converted to the euro. You may also retain their statistical amounts and balances in the French franc, if needed.

If you have a parent/child structure with different default and address book currencies, you can convert the parent independently from its children and vice versa. The following example shows a parent/child relationship with different currencies.

Relationship	Address Book Currency	Default Currency
Parent	ITL	ITL
Child 1	ITL	ITL
Child 2	ITL	EUR
Child 3	EUR	FRF

In this example, you would run three separate currency conversions. One to convert the parent and child 1, another to convert child 2, and another to convert child 3.

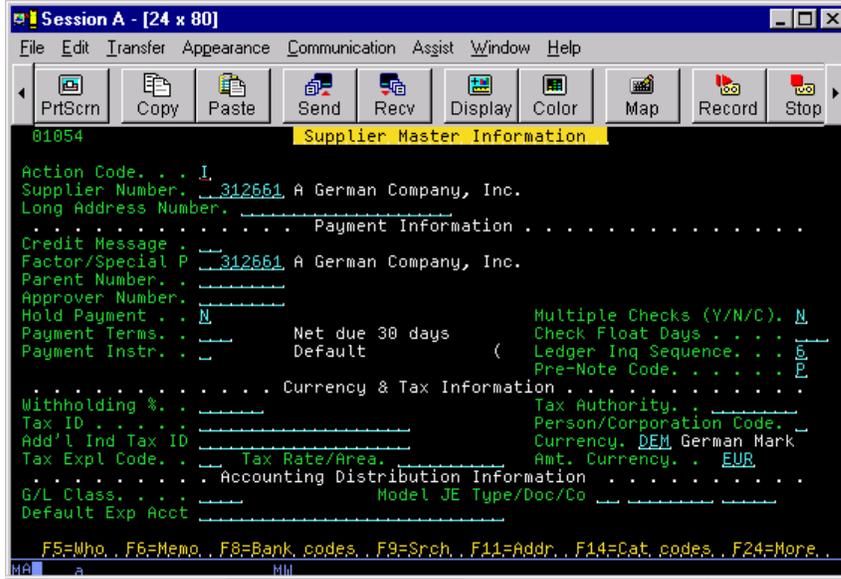
How to Convert Supplier Address Book Amounts

From the Multi-Currency Conversion Operations menu (G1132), choose Supplier Master Conversion.

When you convert supplier amounts, you convert amounts in the Supplier Master table (F0401) only. You do not convert transactions in the Accounts Payable Ledger table (F0411). This is because for consistency and integrity reasons, you cannot convert existing transaction amounts to the euro until you convert your base currency to the euro.

When you convert supplier amounts, you convert either or both of the following:

- Supplier address book amounts and address book currency
- Supplier default currency



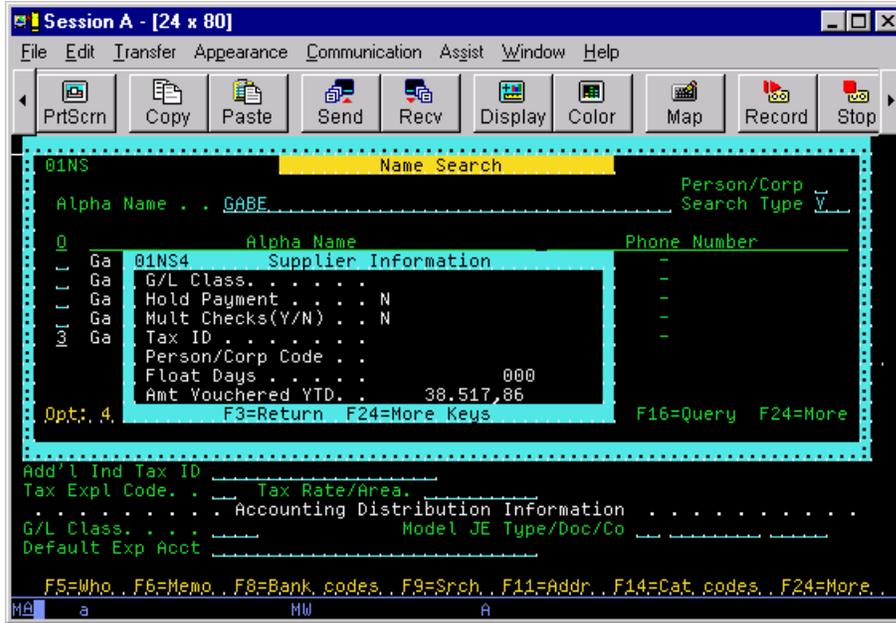
You can set up different DREAMWriter versions of the conversion program. For example, you might set up one version to convert amount currency codes only, another version to convert currency codes only, and still another to convert both.

Supplier Address Book Amounts and Address Book Currency

You convert address book amounts and address book currency codes for your suppliers by running the Supplier Master Conversion program. This program converts summary statistical amounts, limit amounts, and the currency code for suppliers. It does not convert transactions in the Accounts Payable Ledger table (F0411).

When you convert address book amounts for suppliers, you convert the following types of amounts:

- | | |
|-----------------------------|--|
| Summary statistical amounts | <ul style="list-style-type: none">• Year-to-date voucher amounts• Prior year voucher amounts• Open order amounts |
| Limit amounts | <ul style="list-style-type: none">• Minimum and maximum order values |



This window shows the supplier statistical amounts that you convert to the euro. To access the Supplier Information window, press F1 on the Supplier Number field on the Supplier Master Information form. On Name Search, enter the supplier name and a V in the Search Type field and press Enter. Enter 3 in the Option field next to the supplier and press Enter to access the Supplier Information window. Scroll down to view more statistical amounts.

Example: Before and After Converting Supplier Address Book Amounts

The values for the example on the following page are set as follows:

Program	Field/Processing Option Value
Supplier Master Information	Amount Currency field = DEM Currency Code field = DEM
Set Daily Transaction Rates	(DEM to EUR currency relationship) Exchange Rate field =1.98166 (divisor)
Supplier Master Conversion	Amount Currency processing option = EUR
Supplier Master Conversion	Currency Code processing option = blank
Supplier Master Conversion	Round Limit Amounts processing option = 50

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This example shows supplier amounts before and after converting from the deutsche mark (DEM) to the euro (EUR).

F0401 Field	Description	Before Conversion	After Conversion	Rounded From
A6CRRP	Currency Code – A/P	DEM	DEM	Not applicable
A6CRCA	Currency Code – A/B	DEM	EUR	Not applicable
A6AYPD	Amount Vouchered Year-to-Date	157500.00	79478.82	Not applicable
A6APPD	Amount Vouchered Prior Year End	138000.00	69638.59	Not applicable
A6ABAM	Address Book Amount	Not used		Not applicable
A6ABA1	Address Book Amount	Not used		Not applicable
A6APRC	Open Order Amount	3000.00	1513.88	Not applicable
A6MINO	Minimum Order Value	15000.00	7550	7569.41
A6MAXO	Maximum Order Value	30000.00	15150	15138.82

After converting to the euro, this supplier's statistical amounts will be in the euro, however, their payments will remain in deutsche marks.



In the Supplier Master table, the field A6ABAM stores a user-defined fixed amount and the field A6ABA1 is for future use. If you use either of these fields, be aware that the Supplier Master Conversion program converts the amounts, regardless of whether they are monetary amounts.

How to Change a Supplier's Default Currency

From the Multi-Currency Conversion Operations menu (G1132), choose Supplier Master Conversion.

You can set up different DREAMWriter versions. For example, you might set up one version to convert amount currency codes only, another version to convert currency codes only, and still another to convert both.

To comply with a supplier’s request to receive payments in the euro, you must change the default currency code on that supplier’s master record. You can change the code for multiple suppliers at one time by running the Supplier Master Conversion program. Or, you can change a supplier’s currency code manually on the Supplier Master Information form. You might do this if you have just one or two suppliers to convert on a particular day.

Processing Options

Depending on how you set your processing options, the Supplier Master Conversion program does either or both of the following for multiple suppliers:

- Converts supplier statistical amounts and amount currency code
- Changes supplier currency code

These codes are stored in the Amount Currency (CRCA) and Currency Code (CRRP) fields in the Supplier Master table (F0401).

Processing Options	Explanation
Update Control	<p>A value of 1 updates the Supplier Master Information table (F0401). An exceptions report prints with any of the following messages:</p> <p><i>No processing errors.</i> If you entered 1 for this processing option, the conversion updates the Supplier Master Information table. If you left it blank, it does not update the table.</p> <p><i>Currency exchange rate not found.</i> Cause: The currency code that you are converting to is not set up in the exchange rate table, the exchange rate or effective date is not set up for the currency code.</p> <p><i>Invalid currency entered.</i> Cause: The currency code you entered for processing option 3 or 4 or both is not valid.</p> <p><i>Update error – record locked or not found.</i> Cause: The supplier master record is in use.</p>
Date Options	The exchange rate date to use for the conversion.
Amount Currency	The currency code in which you want to convert the Amount Currency (CRCA) field. This converts a supplier’s statistical amounts and the amount code to the currency you specify.

Processing Options	Explanation
Currency Code	The currency code in which you want to update the Currency Code (CRRP) field. This changes a supplier's currency code to the currency you specify.
Limit Amounts	Value with which to round the converted amount, such as 10, 25, 50, 100, 1000, and so on.

Data Selection

Data selection provides flexibility when converting supplier amounts to the euro. To convert address book amounts by supplier, specify the address book numbers. If you do not do this, the conversion program converts all suppliers. To convert amounts for all suppliers assigned a certain category code, specify the category code.

How Limit Amounts Are Calculated

Limit amounts are minimum and maximum order values and credit limit amounts that you assign to a supplier. Limit amounts are usually rounded numbers stored without decimals. You designate the rounding amount to use when converting limit amounts in a process option

For example, 1 euro = 1.98166 DEM. The conversion program converts a maximum order amount of 10,000 deutsche marks to 5046.27 euro. You designate a rounding amount to the nearest 50. The conversion program rounds 5046 euros to 5050 euros.

Calculation:

Converted Amount / Divisor = Q with a remainder of R.

(The Divisor equals the rounding amount you designate in the processing options.)

Amounts are rounded up or down, as follows:

- Round up. If R is greater than or equal to one half of the divisor, then subtract R from the divisor and add that amount to the converted amount.
Calculation: 5046 EUR / 50 = 100 with a remainder of 46. If 46 is greater than one half of 50 (25), then add 4 (50 - 46) to 5046 to get a rounded value of 5050 EUR. (This calculation is based on a rounding amount of 50.)

- Round down. If R is less than one half of the divisor, then subtract R from the converted amount.

Calculation: $5010 \text{ EUR} / 50 = 100$ with a remainder of 10.

If 10 is less than one half of 50 (25), then subtract 10 from the converted amount to get a rounded value of 5000 EUR. (This calculation is based on a rounding amount of 50.)

Application Outside of the EMU

Countries outside of the EMU can use the Supplier Master Conversion program to change a supplier to any currency, for example, to change from U.S. dollars to Canadian dollars.

A supplier's statistical and limit amounts can also be converted using one exchange rate, based on the date in the processing option.

Creating New Cost Records in the Euro



Your suppliers might begin providing prices in the euro as early as 1 January 1999. You can create euro cost records for those suppliers, regardless of whether your internal accounting systems have changed over to the euro. You might want to create cost records in the euro for some suppliers and retain cost records in a national currency for others. You control the currency on the supplier master record.

Some companies will create new cost records in the euro immediately, others will wait until 2002 when it is mandatory, and still others will use a transitional approach and create new cost records for a few suppliers or items at a time.

This topic describes the following:

- What to do before you create new cost records
- How to create new cost records in the euro
- Example: Before and after you create new cost records
- Application outside of the EMU

What to Do Before You Create New Cost Records

Before you create new cost records, you should review your current cost structure and plan a strategy for your new cost records.

To plan a strategy for your new cost records, it is important that you understand how the cost generation program creates new cost records. When you run the program, it creates only one euro cost record for each unit of measure. The cost generation program does not create one euro cost record *for each currency*.

If a euro cost record exists for a supplier, item, or branch/plant, the cost generation program does not create another euro record for it. The exception to this rule is when currency codes associated with a supplier, item, or branch/plant have different effective through dates. Depending on the dates, the cost generation program might create more than one euro cost record.

If you have a complex pricing structure, you might choose to create new euro cost records manually. Or, you might create some new euro records manually and others automatically, using the generation program.

Example of a Cost Structure Strategy

This example describes the current cost structure for a group of suppliers and suggests a strategy for revising the structure before creating new euro cost records.

Your current cost structure for a group of suppliers is based on different currency codes. When you create a new euro cost record for that supplier group, the new record will be based on only one currency code. For this reason you will want to review and revise your current structure to adjust for any cost differences *before* you create new euro costs.

The following table illustrates this.

Item	Currency Code	Current Cost
Item 1	DEM	8 DEM
Item 1	FRF	50 FRF
Item 1	ITL	100000

In this example, the process options are set to create a new EUR cost record based on the existing FRF record, with an (unofficial) exchange rate of 1 EUR = 6.45863. The cost generation program creates a new cost record for 7.74 EUR. It does not create cost records for the German and Italian amounts. This means that the German, Italian, and French suppliers all have the same euro cost for item 1, which is probably not the desired result. This example helps illustrate why you should review your cost structure before you create new euro cost records.

Instead of using currency codes to differentiate between your supplier costs, consider revising your current cost structure. One strategy is to use branch/plants to differentiate between supplier costs. This strategy would allow you to define different euro costs for different locations.

How to Create New Cost Records in the Euro

From the Purchasing Advanced and Technical Operations menu (G43A31), choose Purchase Price Generation by Currency.

To create new cost records in the euro, you run the Purchase Price Generation by Currency program. This program does the following:

- Copies the original currency cost record
- Calculates a new cost in the euro based on the exchange rate you specify
- Creates a new cost record with the euro amount

When you run the generation program, it creates only one euro cost record for each unit of measure. It does not create one euro cost record *for each currency*. If a euro cost record already exists, the generation program does not create another euro record because both records would have the same key. The exception to this rule is when currency codes associated with an item have different effective through dates. In this case, the generation program might create more than one euro cost record.

Typically, companies that have converted their base currency to the euro will run this program to create new cost records for all suppliers within a specific branch/plant. Otherwise, they may run it for a specific supplier or item.

When you create new cost records in the euro, you specify the:

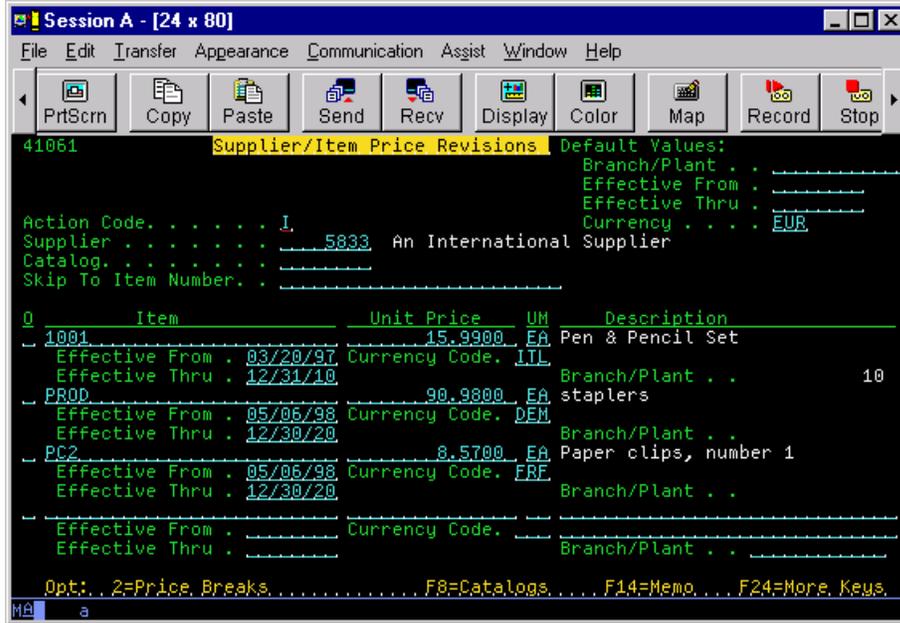
- Date as of when you want to create new records
- Currency in which you want to create new records
- Currency of the existing cost records
- Exchange rate to use to calculate the new cost
- Conversion method (divisor) to perform the exchange rate calculation

You must use the divisor method when calculating an exchange rate from an EMU national currency to the euro. In this way, new cost records are based on the no inverse calculation method required by the EU.

Alternatively, you can create a new cost record in the euro by manually entering it on the Supplier/Item Price Revisions form, located on the Price Management menu (G43A17). You do not have to run the generation program.

Example: Before and After You Create New Cost Records

The following form shows an existing cost record before a euro cost record is created. Notice that this record has several currency codes and costs.



The processing options for the generation program in this example are as follows:

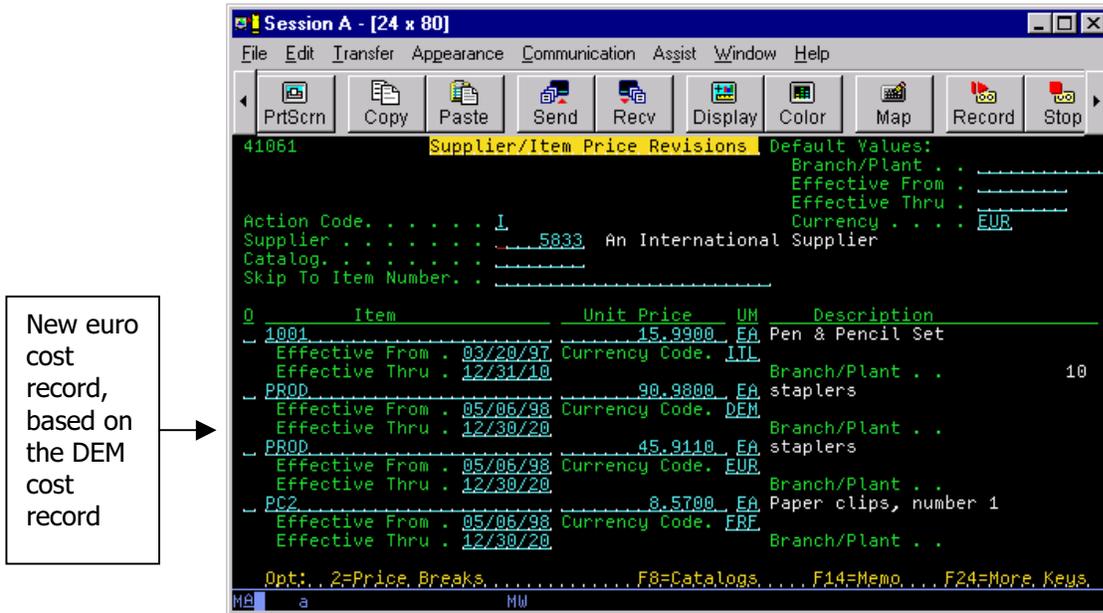
- Mode = Proof (blank)
- Effective date = 01/01/99
- Convert to currency = EUR
- Convert from/exchange rate =
 - DEM 1.9816600
 - ITL 1906.4800000
 - FRF 6.4586300
- Method = divisor (blank)

Notice that the processing options are set up to create new euro records for three currencies/exchange rates (DEM, ITL, FRF), however it will create new records in DEM only. The program creates new records based on the alphabetical order of the currency codes that you enter in the processing options. The program creates only one new euro amount because you cannot have more than one euro amount per cost record.

The generation program ran and produced the following report.

410601	J.D. Edwards & Company						Page	-	3
	Supplier/Catalog Price Gen. Audit Proof						Date	5/06/98	
Purch. Price Conv. to Currency EUR									
Prices Effective 01/01/99									
Supplier	Item #	Cost Ctr	Catalog	UM	Quantity	Exp Date	Cur Cod	Converted Price (FROM)	Purchase Price (TO)
5833	581909			EA		12/30/20	DEM	90.9800	45.9110

The generation program then ran in final mode, which produced the following results on the cost record.



Notice that the original cost records remain. The generation program created only one euro record for the deutsche mark. Once a euro record is created, the program will not create any additional euro cost records for this item, unless a different currency has a different effective thru date.

The generation program for cost records automatically rounds converted euro amounts to four decimal places when it creates new cost records. If your data dictionary is set to display a different number of decimals, that number of decimals will appear on your new price records.

The effective date for the new euro amount is not the effective date in the processing options. The effective date in the processing options selects the records in which to create new euro records.

When the price generation program creates a new euro price record, it sequences that record alphabetically along with the existing records.

Processing Options

Processing Option	Explanation
Update Options	Proof mode generates an audit report that shows all selected records. Final mode updates the records and generates an audit report that shows only the newly created records.

Processing Option	Explanation
Price Additions	This date determines which supplier/catalog purchase price records will be generated. If the expiration date of a price is greater than or equal to this date, a new price record will be generated.
Conversion Options	The currency code in which you want to create new price records.
Conversion Options	The currency code of the current price record and the exchange rate. Up to 11 currency codes and exchange rates are allowed.
Conversion Options	Multiply or divide the current price by the exchange rate entered in the previous processing option. When converting from an EMU member currency to the euro, you must set this to divide so that you do not violate the no inverse rule.

If you enter more than one currency code and exchange rate in the processing options, the generation program creates new euro records alphabetically based on the currency code.

For example, you enter a currency code for FRF, BEF, and ITL in the processing options. The generation program does the following, in sequential order:

1. Creates a new euro price amount for a BEF amount.
2. If not found, creates a new euro price amount for a FRF amount.
3. If not found, creates a new euro price amount for an ITL amount.
4. If not found, creates no new euro price amounts.

Data Selection

If your company has multiple branch plants with different currencies, you can run the generation program multiple times. By creating new cost records one currency at a time, you help ensure that the cost records you create are the ones you intended to create.

Applications Outside of the EMU

The generation program is designed to create new cost price records for any alternate currency using one exchange rate.

Purchase Orders, Vouchers, and the Euro



During the euro transition period, some purchase orders and vouchers might need to be handled differently than usual. For example, you enter a purchase order but do not create a voucher for it before 1 January 1999. Or you enter a purchase order in a domestic currency, but your supplier submits an invoice in the euro.

This topic describes the following:

- How purchase orders entered before 1999 are handled
- What to do when purchase orders and invoices are different currencies

How Purchase Orders Entered Before 1999 are Handled

If you enter a purchase order and do not create a voucher for it before 1 January 1999, the Purchase Order Management system creates a journal entry in a temporary liability clearing account (Received but not Vouchered) when you calculate your gains and losses for euro realization. To create the journal entry, it uses an exchange rate based on one of the following dates in a processing option:

- Purchase order exchange rate
- G/L Date
- Current Date

When you create the actual voucher, the system reverses the entry from the temporary liability clearing account at the exchange rate in which it was created. The voucher you create uses the exchange rate, based on the date you designate in the processing option. Any minor exchange rate differences that occur between entering the purchase order and creating the voucher is reflected as an adjusting entry with the voucher.

What to Do When Purchase Orders and Invoices are Different Currencies

If you enter a purchase order in a domestic or foreign currency and your supplier submits an invoice in the euro, you cannot automatically match the domestic or foreign purchase order to the euro voucher. Instead, you must manually convert the euro invoice amount to the domestic or foreign currency and then enter the voucher with that (domestic or foreign currency) amount.

For example, if you enter a purchase order in deutsche marks (DEM) and your supplier submits an invoice in the euro, you must manually convert the euro invoice amount to DEM and then enter the voucher in DEM.

For future transactions, you should consider changing the currency code on the supplier master record so that any future purchase orders, vouchers, and payments are processed in the euro.

Creating New Recurring Vouchers in the Euro



If you have recurring vouchers with exchange rates that are no longer effective because of the euro, you must cancel them and create new ones with the new exchange rates. Follow these steps:

1. From the Other Voucher Entry Methods menu (G04111), choose Recurring Voucher Report.

Run this report by currency to determine which recurring vouchers should be cancelled and recreated. An error message on the report identifies the base recurring vouchers that should be recreated.

2. From the Other Voucher Entry Methods menu (G04111), choose Standard Voucher Entry.

Cancel the recurring voucher by clearing the values in the Recurring Frequency and Number of Payments fields in the detail area.

04105 POSTED Voucher Entry Prev Voucher:

Action Code	C	Mode (F)	D
Supplier Number	1002	Voucher/Type/Co.	379 PR 00000
Invoice Number	B405	Edwards & Edwards	
" Amount	500.00	Business Unit	1
" Date	06/01/98	Payment Terms	Pmt Instr.
G/L Date	06/30/98	Company	00001 USD
Tax Amount		P.O. Number	
Taxable Amount		Tax Expl Code	
Approver Number		Tax Area	
Remaining Amount		Serv/Tax Date	06/01/98
		Currency Code	USD
		Exchange Rate	
		Batch Number	1937

Payment Schedule

Pay	Gross	Discount	Payment Remark	Net Due	P
Itm	Amount	Available		Date	S
000	250.00		Monthly Legal Fees		P

G/L Offset Recur Freq MO No of Pmts 18 Open Amt

G/L Bank Account 1,1110.BEAR Pymt Hndl

Taxable Amt Tax 2 Tax Rate 1099 Flag

Alt Payee 1002 Category Code

F4=Details F9=Name Srch F11=Addr Book F13=J.E. Inq F16=Ledger Inq F24=More

3. On Voucher Entry, create a new recurring voucher with the currency and new exchange rate.

Alternate Currency Payment Setup



With the introduction of the euro, the automatic payment programs now process payments in an alternate currency. This means that you can now pay vouchers in a currency other than the domestic or foreign currency.

This topic describes the following:

- Setup requirements for processing alternate currency payments
- Purpose of an alternate currency clearing account
- How gains and losses are calculated on alternate currency payments

Setup Requirements for Processing Alternate Currency Payment

To pay vouchers in an alternate currency, you must set up the following:

- Alternate currency clearing account and automatic accounting instruction (AAI)
- Alternate currency payment gain accounts and AAIs
- Alternate currency payment loss accounts and AAIs
- Processing options

The gain and loss accounts for alternate payments and standard gain/losses can be different. The differences are handled by using different sets of AAIs.

The gains and losses for alternate currency payments are recorded separately from standard gains and losses.

Alternate Currency Clearing Account and AAI (P7)

To record a payment in an alternate currency, you must set up an alternate currency clearing account to track the currency of the payment. The payment amount is recorded in the alternate currency and must be converted to the currency of the voucher. This clearing account provides an audit trail from the cash account entry in the payment currency to the offset trade account entry in the foreign currency.

The alternate currency clearing account is assigned to AAI item P7 and must follow these rules:

- It must be in the same company as the bank account from which the payment is made.
- It cannot be a monetary account.
- It must be company specific. You cannot use company 00000 as a default.
- It must include a business unit.

Alternate Currency Gain Accounts and AAIs (PY)

To record a gain incurred on an alternate currency payment, you must set up a gain account for an alternate currency payment. This account shows the gains realized when the domestic amount of a payment is less than the amount, which is derived by calculating from the alternate currency to the foreign currency to the domestic currency.

The alternate currency payment gain account is assigned to AAI item PY. The search sequence, which is the same as the sequence for standard gains and losses, is as follows:

1. The program searches for alternate currency code and company.
2. If not found, the program searches for G/L offset and company.
3. If not found, the program searches for company.
4. If not found, the program searches for alternate currency code and company 00000.
5. If not found, the program searches for G/L offset and company 00000.
6. If not found, the program searches for company 00000.

Alternate Currency Loss Accounts and AAIs (PZ)

To record a loss incurred on an alternate currency payment, you must set up a loss account for an alternate currency payment. This account shows the losses realized when the domestic amount of a payment is greater than the amount derived by calculating from the alternate currency to the foreign currency to the domestic currency.

The account for the alternate currency payment loss is assigned to AAI item PZ. AAI item PZ follows the same search sequence described for AAI item PY.

Processing Options

The new processing options for alternate currency payments are listed by program in the following tables.

Create Payment Groups

Processing Options	Explanation
Currency Processing	A value of 4 designates that the payment is in an alternate currency. Other values are: Blank – Bank account monetary unit 1 – Voucher domestic currency 2 – Voucher foreign currency 3 – Currency domestic amount 4 – Alternate currency payment
Alternate Currency Payment	The currency code of the payment, such as EUR, if paying in an alternate currency.

Work with Payment Groups

Processing Options	Explanation
Display of Alternate Currency Amounts	A value of 1 displays payment amounts in the alternate currency. Designate an effective date to use for the exchange rate.

Voucher Functional Server (XT0411Z1) and A/P Speed Release

Processing Option	Explanation
Bank Account Edit	Designate to <i>not</i> edit the G/L bank account currency when paying in an alternate currency. The currency of the monetary bank account does not have to be the same as the transaction currency of the voucher when paying in an alternate currency.

Purpose of an Alternate Currency Clearing Account

Since the original voucher amount recorded against the payables trade account is in the domestic or foreign currency, the offset amount must also be in the same currency. To calculate this offset amount, the payment currency is converted to the domestic or foreign currency and then stored in the clearing account.

The alternate currency clearing account will balance on the domestic side, but not on the foreign side. This is because the foreign side contains different currencies, which will never balance.

The entries for an alternate currency payment are as follows:

Alternate Currency Payment Amount		Foreign Payment Amount	
Alternate Currency Clearing Account	Cash Account	Gains/Losses Trade Account	Alternate Currency Clearing Account

The alternate currency clearing account shows the audit trail from the cash account entry in the payment currency to the offset entry to the trade account in the foreign currency. In other words, it shows the audit trail of the conversion of the alternate currency into the foreign currency of the original voucher.

How Gains and Losses Are Calculated on Alternate Payments

When a German company submits an invoice to a French company in French francs and the French company pays in euros, there is no exchange rate gain or loss once

the exchange rates are fixed to the euro. This is because the EMU member currency rates are fixed to the euro. However, when the same German company pays a supplier in U.S. dollars, or another currency outside of the EMU, the company may record a gain or loss on the payment.

Gains and losses are calculated using the exchange rates that are effective on the date of the payment. Gains and losses are recorded on two different entries.

One entry is calculated based on the fluctuation of the exchange rates between the buyer's currency and the seller's currency. This gain or loss is the same gain or loss that would have been realized if the payment did not include an alternate currency.

The other entry is the difference between the following amounts:

1. The amount calculated by converting from the payment currency to the seller's currency and then converting to the buyer's currency.
2. The amount calculated by converting from the alternate currency payment directly to the buyer's currency (this is the amount that is actually paid from the bank account).

A gain is recorded if the amount that is actually paid (2) is less than the amount calculated from converting the payment currency to the seller's currency to the buyer's currency (1).

The second gain or loss is due to the differences found by calculating from one currency to another and then back to that currency. The following example illustrates how these differences can occur:

Company	Amount	Exchange Rate	Converted Amount
Belgian	200 DEM	1.98166	101 BEF
German	101 BEF	1.98166	200.15DEM

In this example, a Belgian company receives an invoice for 200 DEM. Based on an exchange rate of 1.98166, the DEM voucher is converted to 101 BEF.

Conversely, if a German company receives an invoice for 101 BEF, the BEF voucher is converted to 200.15 DEM (based on the exchange rate of 1.98166).

Processing Alternate Currency Payments



According to the “no compulsion, no prohibition” principle, invoices and payments can be handled as follows:

- Suppliers can submit invoices in their national currency or the euro from 1 January 1999 through 31 December 2001.
- Companies can pay vouchers in their national currency or the euro from 1 January 1999 through 30 June 2002.

Based on this principle, companies can choose whether to pay vouchers in the euro or their national currency, as long as it is within the euro transition period.

During the euro transition period, companies can pay vouchers in the euro even if the voucher they receive is in a national currency. For example, if a French company submits an invoice in deutsche marks to a German company, the German company can pay in euros. Alternatively, the company could pay in deutsche marks.

This topic describes the following:

- How to process alternate currency payments
- How alternate currency payment amounts are calculated
- Example: German company pays DEM voucher in EUR
- Example: German company pays FRF voucher in EUR
- Application outside of the EMU

Before you process alternate currency payments, make sure you complete the setup requirements described in *Alternate Currency Payment Setup*.

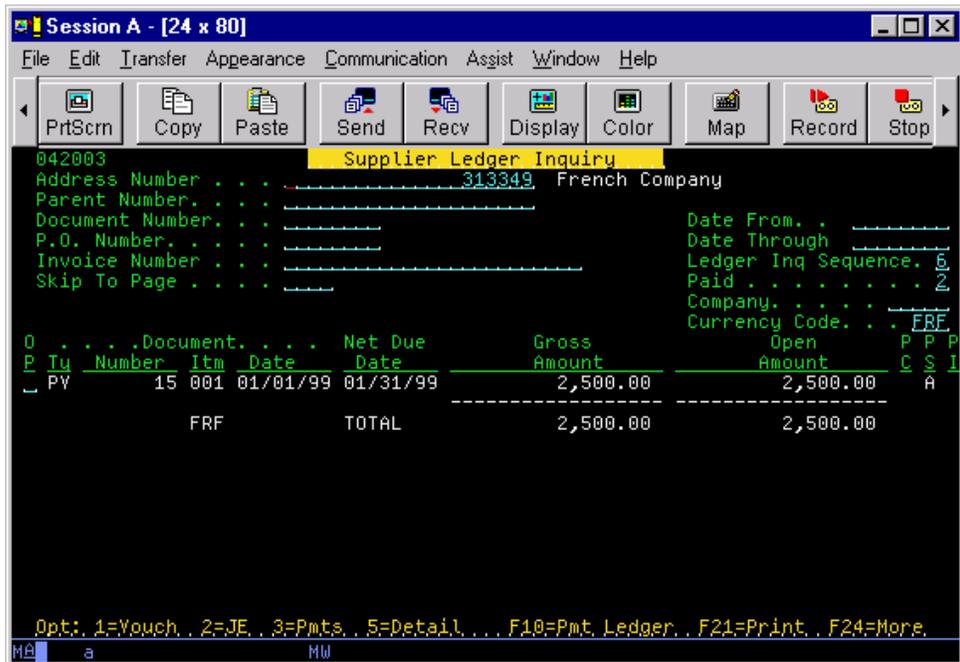
How to Process Alternate Currency Payments

Most of the alternate currency payment processing is based on the setup you do before you process payments.

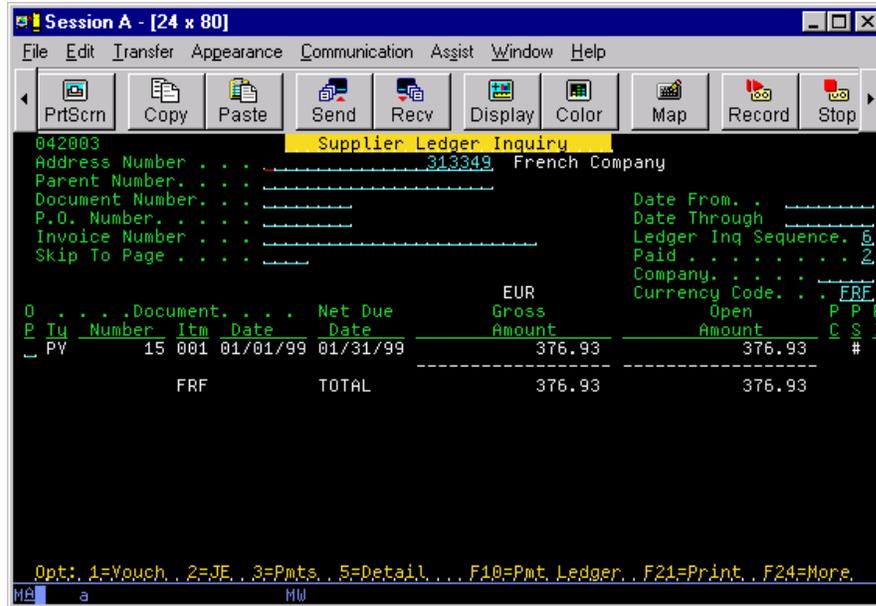
Alternate currency payment amounts are stored in the A/P Matching Document table (F0413). The currency in this table will be different from the currency in the A/P Matching Document Detail table (F0414) because an alternate currency payment is involved. The historical exchange rate stored in the A/P Matching Document Detail table contains the exchange rate that is used to calculate from the foreign currency to the alternate currency.

Before you process payments in an alternate currency, you can review the vouchers in both the domestic and the as if currency on Supplier Ledger Inquiry. The alternate currency amount you view on Supplier Ledger Inquiry may not be the *exact* amount of the payment. This is because amounts are sometimes rounded when converting between EMU member currencies. If you view alternate currency amounts in a currency other than the euro, the amount you view on the Supplier Ledger Inquiry may not be the same amount as the payment, because of fluctuating exchange rates.

The following example shows a voucher that was entered in a company's base currency, FRF.



In the next example, the same voucher appears in an as if (alternate) currency, EUR. To display amounts in an as if currency, you must set processing options.



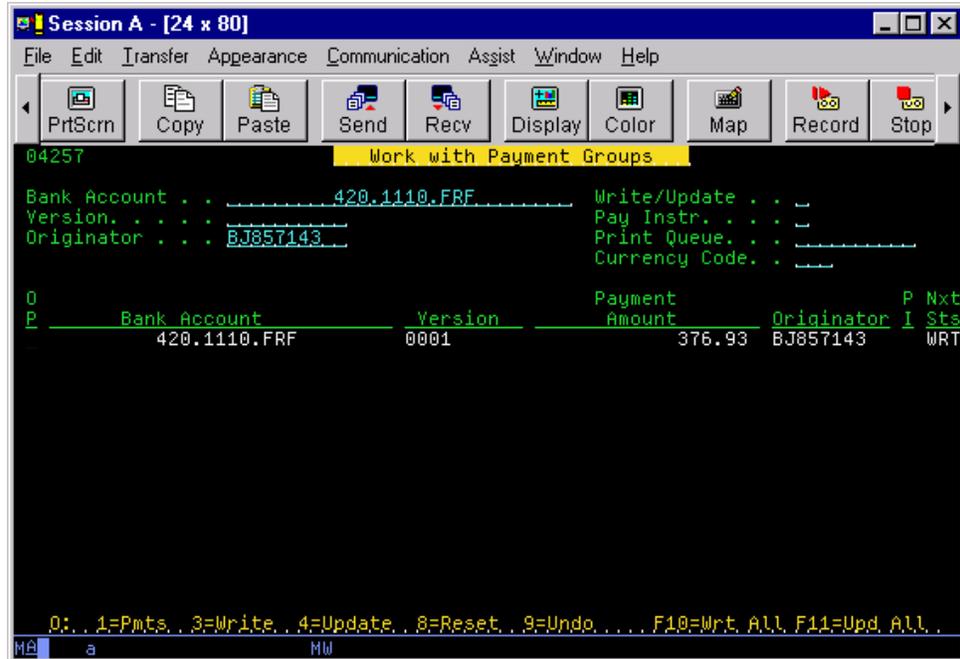
Processing alternate currency payments is similar to processing other payments and is explained in the following tasks:

- Creating payment groups
- Writing payments
- Updating payment groups

Creating Payment Groups

You can centralize your payment processing by associating a payment group with a specific bank account. By doing this, all supplier invoices in a particular currency can be paid from a bank account that deals in the same currency.

For the following example, a voucher was entered as 2500.00 FRF, the base currency for Company 420. Notice that the voucher appears on the Work with Payment Groups form as 376.93 EUR. To display amounts in an alternate currency, you must set a processing option.



Error Messages

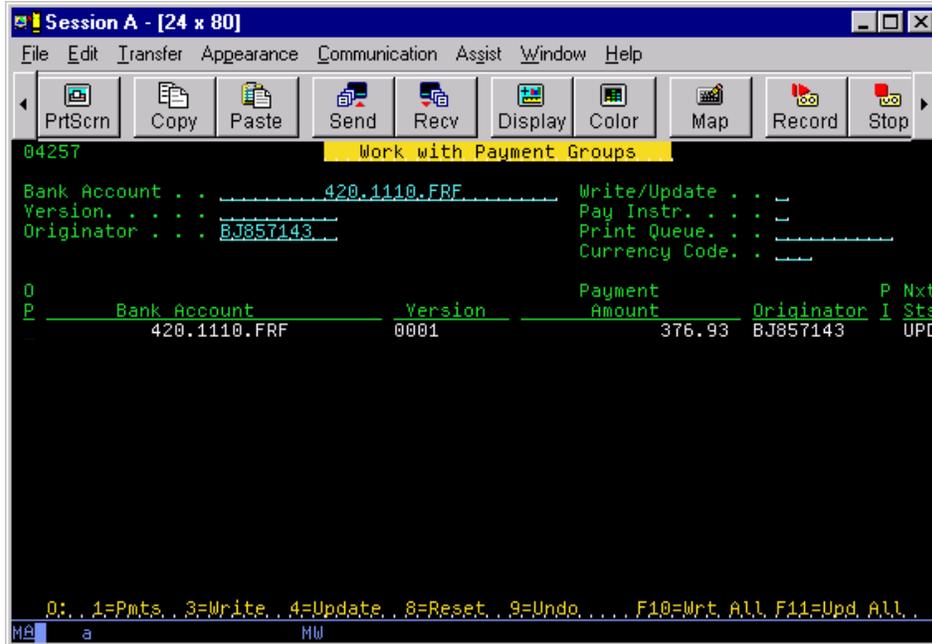
If an error occurs when you create payment groups, a message prints on the Create Payment Groups report. An error message prints, for example, if you try to write a euro payment from a French bank account. The error messages that are specific to alternate currency payments are:

- Alternate currency clearing account is invalid or is a monetary account
- Alternate currency clearing account company is not the same as the transaction company
- AAI for alternate gain/loss account is invalid
- Alternate currency gain/loss account company is not the same currency as transaction company
- The currency of the alternate payment did not match the currency of the bank account

Writing Payments

When you write payments, the exchange rate on the date of payment is recorded as follows:

- The foreign to domestic currency rate is recorded as a standard gain/loss
- The alternate to domestic currency rate is recorded as an alternate gain/loss



Error Messages

If an error occurs when you write payments, a message appears after you enter the payment date. The error message that is specific to alternate currency payments is *currency exchange rate not found*.

Updating Payment Groups

If no errors occur when you update a payment group, a Payment Register prints.

R04576	JDEdwards and Company	Page -	1
Batch Number - 6243879	Payment Register	Date -	4/10/99
Bank Account - 212669			
French National Bank	Document . Key	Payment . Invoice .	
Address Name	Ty Number	Co	
Number Date			
-----	-----	-----	-----
16 02/01/99 313349	French Company	PV 15 001 00420	376.93 F782349
		Total Amount Of Payments Written	376.93
		Total Number of Payments Written	1

Error Messages

If an error occurs when you update payment groups, a message prints on the Update Payments Error Report. The error messages that are specific to alternate currency payments are:

- Currency exchange rate not found
- Exchange rate cannot be changed between writing and updating payments

How Alternate Currency Payment Amounts Are Calculated

The amount of the alternate currency payment is calculated as follows:

- Add the total amount of the vouchers in the supplier's invoice currency.
- Use the exchange rate set up for the supplier's invoice currency to the payment currency to calculate the payment amount.

For example, you receive several invoices from a supplier on 5 January 1999. The total amount is 200.00 DEM. You are going to pay in euros. The exchange rate is 1 EUR = 1.98166 DEM.

On February 1, you pay the supplier 100.93 EUR. The payment amount is calculated by dividing the voucher currency amount by the exchange rate, as follows:

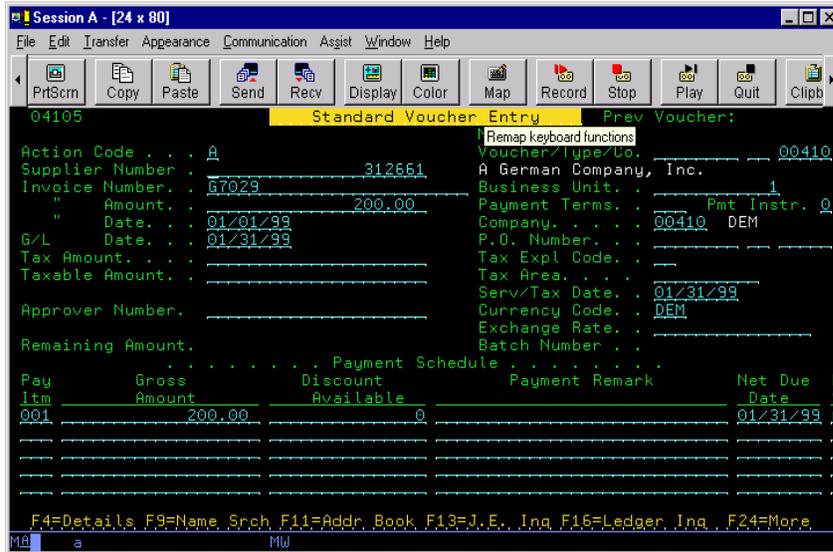
$$200 \text{ DEM} / 1.98166$$

Example: German Company Pays DEM Voucher in EUR

In the following example, the voucher currency is the domestic currency (DEM) and the payment currency is an alternate currency (EUR). The exchange rates are fixed because of the euro.

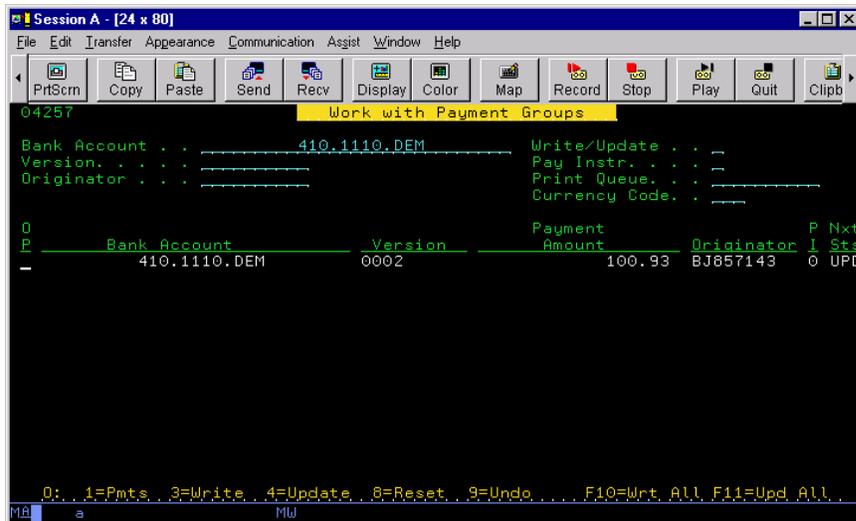
Transaction	Currency	Amount	Exchange Rate	Exchange Rate
			01/01/99	02/01/99
Company currency	DEM	200		
Voucher currency	DEM	200	N/A	
Payment currency	EUR	100.93		1 EUR=1.98166 DEM
Standard gain/loss	DEM	0		
Alternate gain/loss	DEM	.01		

The voucher on 1 January 1999 is 200.00 DEM.



The payment on 1 February 1999 is 100.93 EUR, which is calculated as follows:

$$200 \text{ DEM} / 1.98166 = 100.93 \text{ EUR}$$



The alternate currency gain/loss is calculated as follows:

$$200 \text{ DEM} - (100.93 \times 1.98166 = 200.01 \text{ DEM}) = - 0.01 \text{ DEM}$$

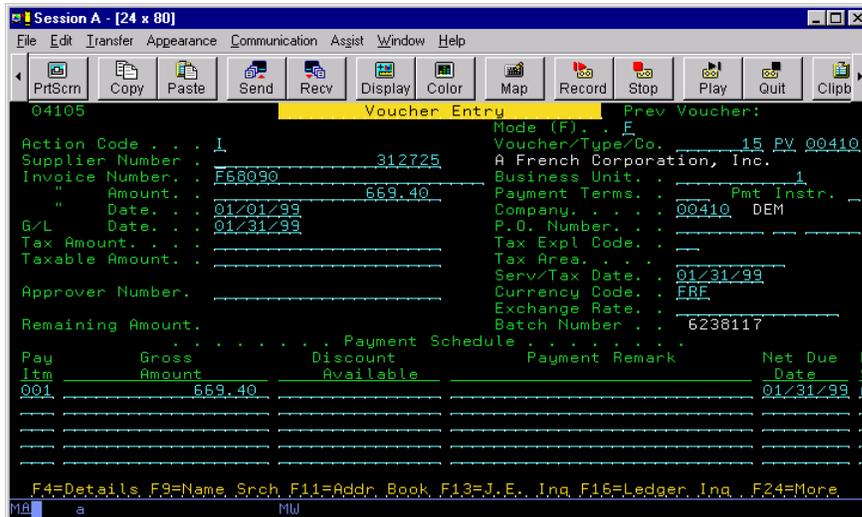
Posting Journal								Page	1
								Date	5/04/98
Do	Document	G/L	Co	Account Description	G/L Account	Amounts		LT	Units
Ty	Date			Explanation	Subldgr-Ty/Asset Number	Debit	Credit		
PG	11 02/01/99	00510		Unrealized Loss Dem Company	DEM 510.9143.LOSS	.01		AA	
PK	11 02/01/99	00510		Bear Creek National Dem Company	DEM 510.1110.BEAR		200.01-	AA	
PK	11 02/01/99	00510		Bear Creek National Dem Company	EUR 510.1110.BEAR		100.93-	CA	
P7	11 02/01/99	00510		Clearing Account Dem Company	DEM 510.7500.CLEAR	200.01		AA	
P7	11 02/01/99	00510		Clearing Account Dem Company	EUR 510.7500.CLEAR	100.93		CA	
P7	11 02/01/99	00510		Clearing Account Dem Company	DEM 510.7500.CLEAR		200.01-	AA	
AE	11 02/28/99	00510		Accounts Payable-Trad Post Offset by Batc K	DEM 510.4110	200.00			
Batch Total						400.02	400.02-	AA	
						100.93	100.93-	CA	

Example: German Company Pays FRF Voucher in EUR

In the following example, the voucher currency is the foreign currency (FRF) and the payment currency is an alternate currency (EUR). The exchange rates are fixed because of the EMU and are calculated through triangulation.

Transaction	Currency	Amount	Exchange Rates
Company currency	DEM	200	
Voucher currency	FRF	669.40	1.00000 EUR = 6.63258 FRF 1.00000 EUR = 1.98166 DEM
Payment currency	EUR	100.93	
Standard gain/loss	DEM	0	
Alternate gain/loss	DEM	.01	

The voucher on 1 January is 669.40 FRF, or 200 DEM (669.40 FRF/6.63258 x 1.98166) in the buyer's company currency.



The payment on 1 February 1999 is 100.93 EUR, which is calculated as follows:

$$669.40 \text{ FRF} / 6.63258 = 100.93 \text{ EUR}$$

The exchange rate between FRF to EURO to DEM never changed because the rates were irrevocably fixed on 1 January 1999. Therefore, there is no gain or loss.

The alternate currency gain/loss is calculated and an alternate loss is recorded as follows:

$$200 \text{ DEM} - (100.93 \times 1.98166 = 200.01) = - 0.01$$

The bank account is credited as follows:

100.93 EUR (the amount of the payment) on the foreign side

200.01 DEM (the total of the pay items including gains/losses) on the domestic side

Application Outside of the EMU

Example: Canadian Company Pays USD Voucher in JPY

In the following example, the voucher currency is a foreign currency (USD) and the payment currency is an alternate currency (JPY). Because of the exchange rate risk, there is the potential for two gains or losses – one between CAD and

USD, the other between CAD, JPY, and USD.

Transaction	Currency	Amount	Exchange Rate 1 January	Exchange Rate 1 February
Company currency	CAD	200		
Voucher currency	USD	142.57	1USD = 1.4028 CAD	
Payment currency	JPY	18,570		1USD = 1.4357 CAD 1CAD = 90.72 JPY 1USD = 130.25 JPY
Standard gain/loss	CAD	4.69		
Alternate gain/loss	CAD	.01		

The voucher on 1 January is 142.57 USD, or 200 CAD in the buyer's company currency.

The payment on 1 February is 18,570 JPY, which is calculated as follows:

$$142.57 \text{ USD} \times 130.25 = 18,570 \text{ JPY.}$$

The gain/loss is calculated as follows:

$$200 \text{ CAD} - (142.57 \text{ USD} \times 1.4357) \text{ CAD} = 4.69 \text{ CAD}$$

The alternate currency gain/loss is calculated and an alternate loss is recorded as follows:

$$204.69 - (18,570 \text{ JPY} / 90.72 = 204.70 \text{ CAD}) = - 0.01 \text{ CAD}$$

The bank account is credited as follows:

18,570 JPY (the amount of the payment) on the foreign side

204.70 CAD (the total of the pay items, including gains/losses) on the domestic side

Viewing Supplier Amounts in the Euro



Before, during, and after converting to the euro you can view your supplier amounts in three currencies: domestic, foreign, and the euro (or other "as if" currency). Viewing amounts in the euro allows you to view voucher and purchase order amounts as if they were stored in a currency other than the currency in which they were actually stored.

For example, you work for a French company that is going to convert to the euro in 2000. Before your company actually converts to the euro, you can view and compare voucher amounts in your domestic currency (French francs) and the euro. Being able to view and compare these amounts should help ease your transition to the euro.

In the following example, voucher amounts display in FRF (French francs), which is the domestic currency of A French Corporation.

Supplier Ledger Inquiry

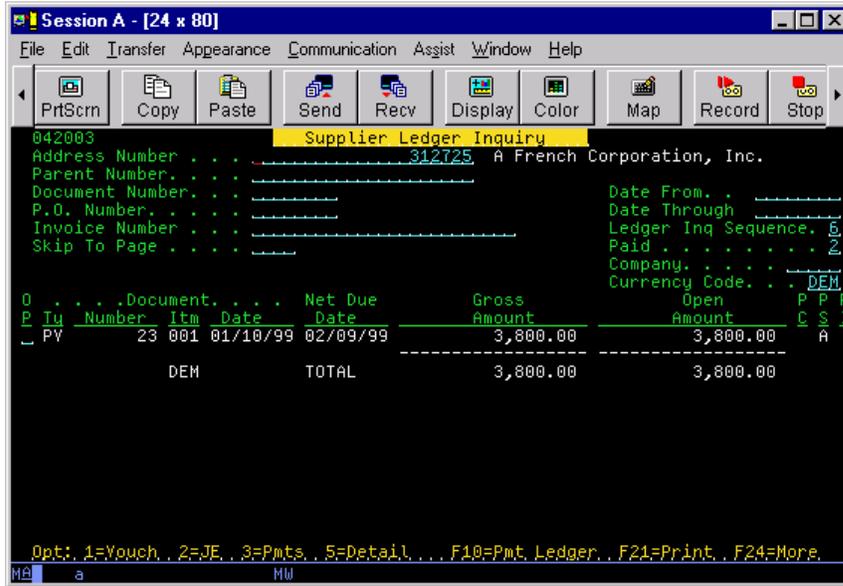
Address Number 312725 A French Corporation, Inc.
 Parent Number
 Document Number
 P.O. Number
 Invoice Number
 Skip To Page

Date From
 Date Through
 Ledger Inq Sequence
 Paid
 Company
 Currency Code FRF

Document	Net Due	Gross Amount	Open Amount
PV 14 001 01/01/99 01/31/99		4,700.00	4,700.00
PV 15 001 01/01/99 01/31/99		669.40	669.40
PV 22 001 01/10/99 02/09/99		4,500.00	4,500.00
DEM TOTAL			
FRF TOTAL		9,869.40	9,869.40

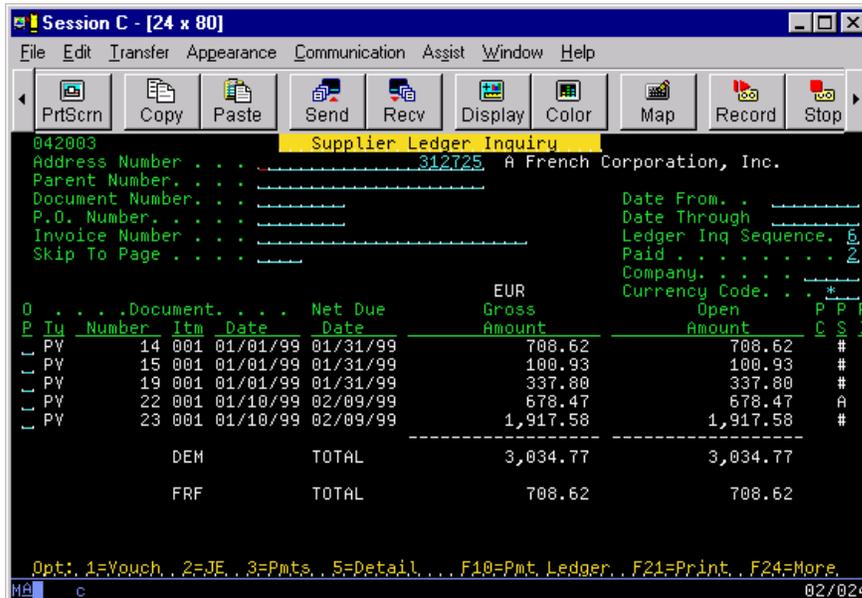
Opt: 1=Vouch.. 2=JE.. 3=Pmts.. 5=Detail... F10=Pmt Ledger.. F21=Print.. F24=More.

In the next example, the currency code is changed to DEM (deutsche marks) to display voucher amounts in the foreign currency.



In the next example, the currency code is changed to * (all) to display amounts for both the domestic and foreign vouchers in the EUR (euro).

If a currency code appears above the amount column on the left, you are viewing amounts in the as if currency. If a code does not appear, you are viewing amounts in the domestic currency.



The as if currency (EUR) amounts that appear on this form are not written to a table, but are stored in temporary memory. One of the advantages of the euro display functionality is that it does not impact your disk space.

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The following report shows journal entries for the alternate currency clearing account (AAI item P7) after the 3,800.00 DEM voucher was paid in the euro.

Posting Journal										Page	1		
										Date	5/04/98		
Post Out of Balance : Create Intercompany Settlements: *													
Do Document Ty	G/L Date	Co	Account Description	G/L Account	Subldgr-Ty/Asset Number	Amounts	Debit	Credit	LT	Units			

P7	11 02/01/99	00410	Clearing Account Dem Company	DEM	410.7500.CLEAR	3800.18			AA				
P7	11 02/01/99	00410	Clearing Account Dem Company	EUR	410.7500.CLEAR	1917.58			CA				
P7	11 02/01/99	00410	Clearing Account Dem Company	DEM	410.7500.CLEAR			3800.18-	AA				

This topic describes the following:

- Dates that affect the supplier amounts you view
- How to view vouchers in the euro
- How to view purchase orders in the euro
- Application outside of the EMU

Dates that Affect the Supplier Amounts You View

Before you view your supplier amounts in the euro, it is important to understand the different dates that affect the voucher and purchase order amounts you view on the Supplier Ledger and Open Orders forms. These dates are:

- The effective date on the Set Daily Transaction Rates form. The inquiry program searches for the most recent effective date for a currency and uses the corresponding exchange rate in the currency calculation.
- The From and Thru Dates on the inquiry form. This date range determines which transactions appear on the form.
- One of the following dates, which is used to retrieve the transaction rate:
 - As of date in the processing options. If the as of date is blank, the program uses the following:
 - Thru Date on the inquiry form. If the processing option and Thru date are blank, the program uses the following:
 - System date.

By understanding these dates and how the inquiry program uses them, you help ensure that you specify the correct date when you view your supplier amounts.

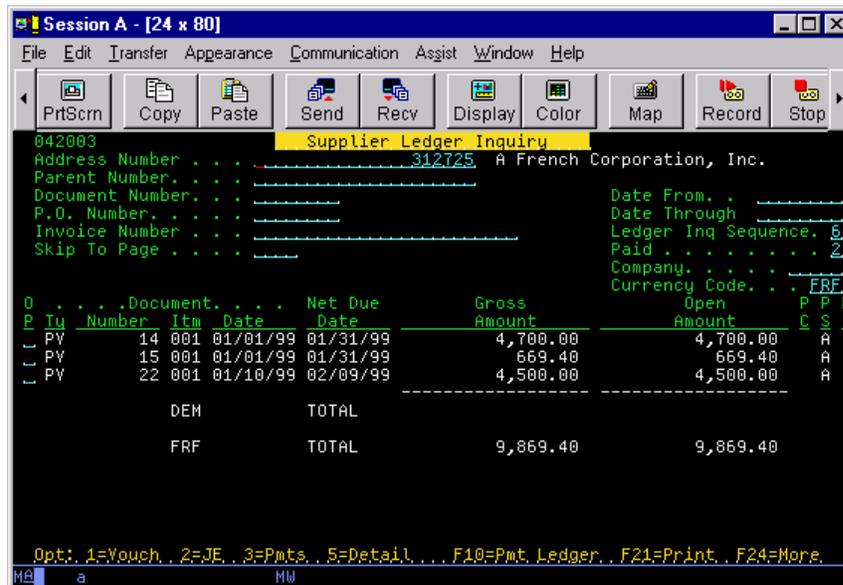
The Thru Date on the form does *not* override the as of date in the processing options. For this reason, you might want to set up two different versions of this program, one with an as of date in the processing options, the other without an as of date (which allows you to use the Thru Date for the exchange rate).

To sequence amounts by date, enter 2 (net due date), 3 (invoice date), or 8 (G/L Date) in the Ledger Inquiry Sequence field on Supplier Ledger Inquiry, as you have done in previous releases of WorldSoftware. If you do not enter one of these values, you will not see amounts on the form.

How to View Vouchers in the Euro

The exchange rates for EMU member currencies will be fixed to the euro as of 1 January 1999. Vouchers entered before this date are based on prior exchange rates, whereas vouchers entered as of this date will be based on either the fixed euro rate or another exchange rate.

From the Supplier and Voucher Entry menu (G0411), choose Supplier Ledger Inquiry.



To toggle between the domestic currency and the euro (or other as if currency), press F19. To print the euro amounts on a report, press F21 while viewing the euro amounts.

You can display euro amounts on the Supplier Ledger Inquiry form in the following formats:

- Gross/Open. Amounts in the Gross and Open columns display in the euro, or other alternate currency, as designated in the processing option.
- Gross Only. Same as Gross/Open.

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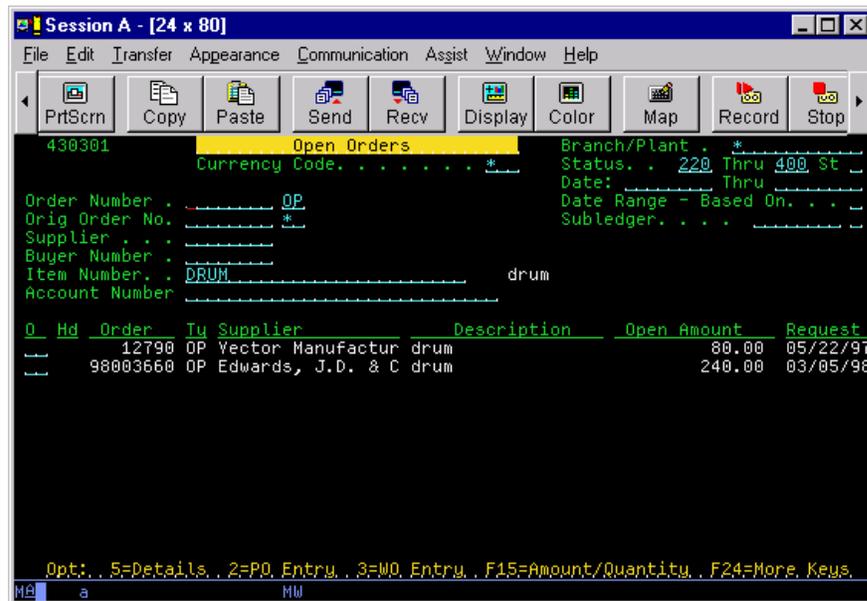
- Domestic Gross/Foreign Gross. Amounts in the Domestic Gross and Open columns display in the euro currency. The foreign Gross and Open column amounts continue to display in the foreign transaction amounts.

This enhancement was not designed for currency restatement. It does not handle gains/losses, out-of-balance transactions caused by rounding, or integrity between tables. For exact amounts when working with an alternate currency, continue to use the currency restatement program.

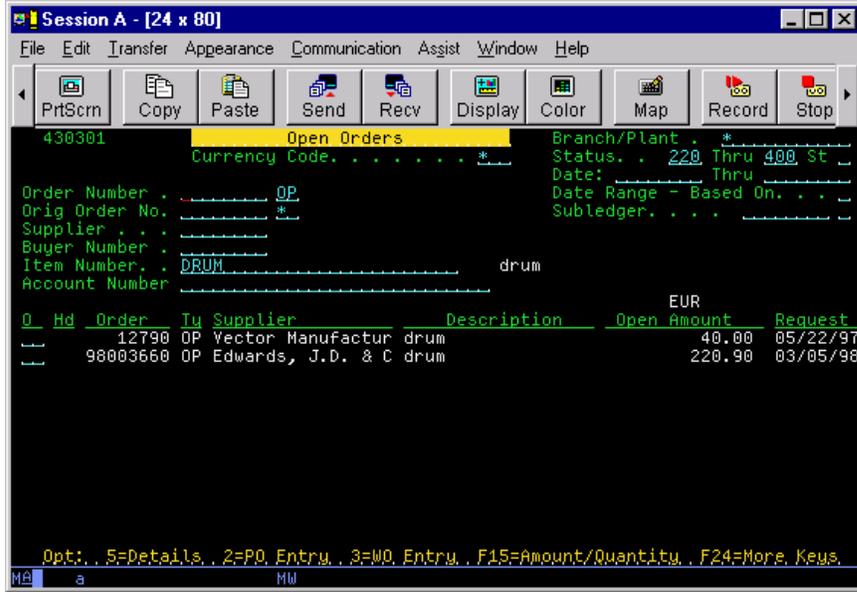
How to View Purchase Orders in the Euro

Purchase orders entered before 1 January 1999 are based on prior exchange rates, whereas purchase orders entered after 1 January 1999 this date are based on the fixed euro rate.

From the Purchasing Inquiries menu (G43A112), choose Open Orders.



To toggle between the domestic currency and the euro (or other as if currency), press F19.



To print the converted amounts on a report, press F21 while viewing the euro amounts.

Processing Options

Processing Option	Explanation
As-If Currency Display	The currency code in which you want to view as-if amounts. If left blank, amounts display in their original currency.
As-Of Date	The date to use for calculating the exchange rate for the as-if currency. If left blank, the Thru Date is used. If both the processing option and the Thru Date are blank, the system (today's) date is used.

Application Outside of the EMU

The Dynamic Euro Amount Display enhancement was designed for viewing amounts between two currencies which are irrevocably fixed against each other. There are limitations to using this enhancement outside the euro because other currency exchange rates fluctuate.

Electronic Formats and the Euro



The new euro currency will impact the electronic formats that companies in Economic and Monetary Union (EMU) member nations currently use.

The formats, which vary between countries, support either domestic payments or foreign payments. Some countries have identified and published their revised formats for the euro, while others are in the process of doing so. J.D. Edwards research thus far indicates that the changes to the formats are minor and only impact the domestic payment formats in Accounts Receivable and Accounts Payable. Each domestic payment format must now support both the euro and domestic currency.

With the introduction of the irrevocably fixed euro exchange rate, several countries are creating new electronic formats, while others are enhancing their existing formats.

J.D. Edwards research on the electronic format requirements for each EMU member nation has been an on-going process, which has been dependent on each country's timetable for the completion of their requirements.

Because many countries and banks have not finalized their electronic format requirements, the majority of the electronic format enhancements for EMU member nations will be included in Release A7.3 CU10.

Financial Reporting During the Euro Transition Period



During the euro transition period, which begins 1 January 1999 and continues through 31 December 2001, companies may need to provide financial and fiscal reports in their national currency as well as in the euro.

For example, a German company that still uses deutsche marks (DEM) as their base currency might need to provide their parent company with consolidation information in the euro. Another German company that has already converted their base currency to the euro might need to provide the German fiscal and tax authorities with reports in the deutsche marks.

Checklist: Reporting During the Euro Transition Period

Complete the items in the following checklist to provide financial reporting during the euro transition period. The first item in the checklist is an EU requirement:

- Calculate gains and losses in the euro
- Create balance reports in the euro
- Create detail reports in the euro
- View detail transactions in the euro
- Understand considerations before you create Intrastat reports
- Create tax reports in the euro
- Restate asset costs in the euro

Topics in This Section

This section includes the following topics:

- Euro Realization for Monetary Accounts in G/L
- Creating Balance Reports in the Euro
- Creating Detail Reports in the Euro
- Viewing Transaction Amounts in the Euro
- Before Creating Intrastat Reports in the Euro
- Creating Tax Reports in the Euro
- Revaluing Assets in the Euro

Euro Realization for Monetary Accounts in G/L



Monetary accounts are currency-specific accounts, which are typically bank accounts. These accounts are assigned a currency code and accept only transactions that are in that currency.

To realize the gains and losses created by fixing the exchange rates for Economic and Monetary Union (EMU) member currencies, you must reevaluate all monetary accounts that are assigned EMU member currency codes.

This topic describes the following:

- When to calculate monetary account gains and losses for euro realization
- Setup requirements for monetary account gains and losses for euro realization
- How to calculate monetary account gains and losses for euro realization

When to Calculate Monetary Account Gains/Losses for the Euro

To realize the gains and losses created by fixing the exchange rates for EMU member currencies, you must re-evaluate all monetary accounts that are assigned EMU member currency codes. You do this one time only on 31 December 1998. After the gain or loss is recorded in the monetary account, you will not record any more gains or losses for EMU currency-specific accounts. This is because exchange rates are fixed to the euro as of 1 January 1999 and will no longer fluctuate between EMU member currencies.

To calculate this one-time realized gain or loss on your monetary accounts, you run the Monetary Account Valuation program.

Setup Requirements for Monetary Account Gains/Losses

Before you can calculate and record euro realization for your monetary accounts, you must ensure that the following are set up correctly:

- Realized gain and loss accounts

- Automatic accounting instructions (AAIs)
- Processing options

Realized Gain and Loss Accounts

For euro realization, you must set up *realized* gain and loss accounts for your monetary accounts. If you use the Monetary Account Valuation program to calculate realized gains and losses for your monetary accounts, these accounts already exist. You might want to set up special G/L accounts for euro realization.

If you use the Monetary Account Valuation program to calculate unrealized gains and losses, you have already set up unrealized gain and loss accounts. You will continue to use these accounts for non-EMU currency transactions.

Automatic Accounting Instructions (AAIs)

When you calculate realized and unrealized gains and losses, the system uses AAIs to distribute the gain or loss to the correct G/L account. Typically, the AAI items for G/L monetary accounts are (xxx represents the currency code):

- GVxxx for unrealized gains
- GWxxx for unrealized losses
- GR for unrealized gain/loss offsets

You must change or add unrealized AAI items by currency for GVxxx and GWxxx to point from *unrealized* accounts to *realized* accounts. These AAI items are used to create the adjusting journal entry for the realized gain and loss as of the end of 1998, before the introduction of the fixed euro exchange rate.

You cannot point AAI item GR to a bank account for a specific currency. Therefore, after you calculate your gains and losses on monetary accounts for euro realization, you will need to create adjusting journal entries to offset that bank account amount and record it in the bank account for each specific EMU currency.

Alternatively, you can delete AAI item GR so that the offset for *all* currencies points to the bank account. If you want it to point to an account other than the bank account, you must set up AAI item GR by company.

Processing Options

The first processing option listed below is new. It will display only after your system administrator performs the procedures on the following page.

Processing Option	Explanation
Journal Entries	Enter 1 to not create a reversing gain/loss journal entry.

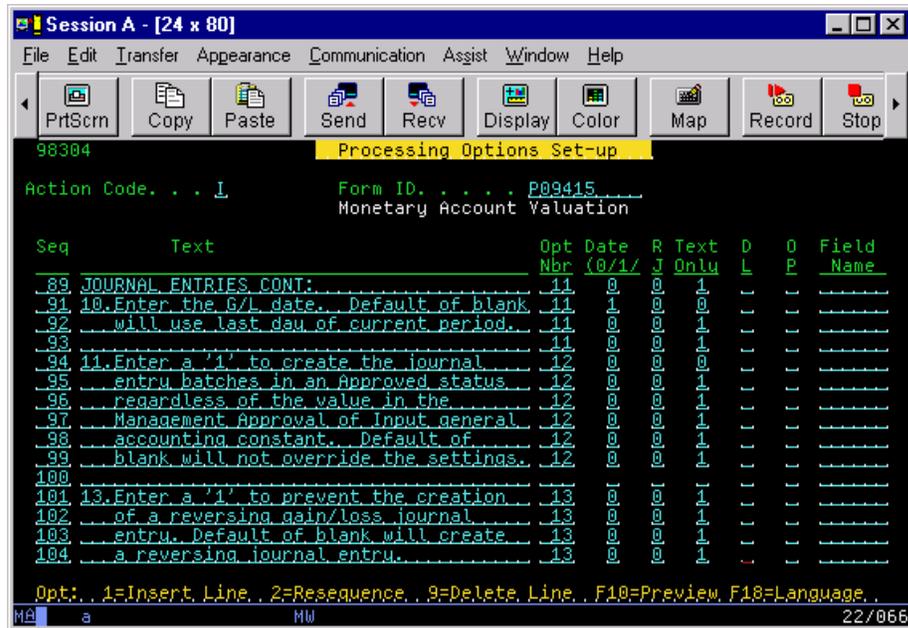
Processing Option	Explanation
Journal Entries	Specify one of the following values, depending on the type of journal entries you want to create: 1 — Gains and losses 2 — Losses 3 — Gains 4 — Do not create journal entries (default)

The following procedures are technical and should be performed by your system administrator.

To display the new processing option, you must do the following:

1. From a command line, type PO and press Enter.
2. On Processing Options Set-up, inquire on Form ID P09415:
3. Page down to the last line of processing option text.
4. Leave one line blank and then enter the following text:
 13. Enter a '1' to prevent the creation of a reversing gain/loss journal entry. Default of blank will create a reversing journal entry.
5. For each line of text, type values in the following fields as indicated:
 - Opt Nbr = 13
 - Date = 0
 - RJ = 0
 - 1 = Text Only

The Processing Options Set-up form on the following page is an example only. The information that displays on your form, such as the sequence (Seq) numbers, may be different.



How to Calculate Monetary Account Gains/Losses for the Euro

From the Multi-Currency Monthly Valuation menu (G1121), choose Monetary Account Valuation. This program was enhanced in release A7.3 CU9 to realize gains and losses for the euro. The Monetary Account Valuation program has not changed for unrealized gains and losses; you will continue to use it as usual.

To calculate realized gains and losses on monetary accounts for EMU member currencies, you must set up a separate DREAMWriter version of the Monetary Account Valuation program. Within the version, you can set a processing option to create journal entries for gains, losses, or both, and to not create a reversing entry.

When you run the Monetary Account Valuation program for euro realization, the program creates the gain/loss journal entry *without* designating a reversing entry. This prevents a reversing entry from being created and posted erroneously in the following month.

```

Session A - [24 x 80]
File Edit Transfer Appearance Communication Assist Window Help
PrtScr Copy Paste Send Recv Display Color Map Record Stop
09101 Journal Entries Model (Y) . . . . .
Mode (F) . . . D Reverse or Void (R/V) .
Base Co. Currency . . CAD
Action Code . . . I
Document Type . . . JX
Document Number/Co . . . 28625 @0456 Explanation Unrealized Gain/Loss
G/L Date . . . . . 03/31/00 Batch Number 6037857
Remaining . . . . . Currency Code CAD Ref. 1
Exchange Rate
Skip to Line . . .
Account No. Amount Explanation 2 P
-----
456.9144 .GAIN 3269.81-
456.1110 .BEF 3269.81
-----
F5=Make New Model . F6=% JE . F15=Model JE's . F13=Acct Master . F24=More Keys .
a HW 03/021
  
```

For more information about the Monetary Account Valuation program, see the following chapters in the *General Accounting I Guide*:

- *Understanding Monetary Account Valuation*
- *Calculating Unrealized Gains and Losses on Monetary Accounts*

Creating Balance Reports in the Euro



With balance currency restatement, you can restate existing company balances into another currency. The advantages of balance currency restatement over detailed currency restatement are that you can restate balance amounts in many different currencies and processing balance currency restatement uses far less disk space.

The balance restatement program was enhanced to use the no inverse method when restating balance amounts in the euro. It does this by using the override conversion method designated on the Set Daily Transaction Rates form instead of the conversion method designated on the General Accounting Constants form. In this way, the balance restatement program does not violate the no inverse rule.

The balance restatement program does not handle triangulation. To triangulate from one EMU member currency to another, you must first restate your balance amounts from one EMU member currency to the euro. And then restate those balance amounts from the euro to the other EMU currency. For example, you would restate balance amounts from the DEM to the EUR and then from the EUR to the FRF. The reason you must triangulate euro balances manually is that the balance restatement program uses exchange rates defined in the Currency Restatement Rates table (F1113), not the Exchange Rate tables (F0015 and F00151).

If you make prior year adjustment entries (document type ##), you must run the balance restatement program from inception-to-date to include those adjustments. Otherwise, prior year adjustments will not be included.

You can restate two ledgers into one alternate currency ledger. For example, you can restate actual amounts and local adjustments into one ledger for local books. And then restate that amount into one euro amount in the AC (restatement) ledger.

For more information about balance currency restatement, see the *General Accounting I Guide*.

Creating Detail Reports in the Euro

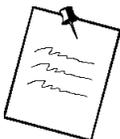


For financial and fiscal reporting during the euro transition period, you can create detailed reports in the euro even if your base currency is still an EMU member currency.

Companies should carefully consider whether there is a valid business need to have reports at the transaction level in both their national currency and the euro. To do this, you must create an entirely separate set of books in the euro. If possible, companies should create euro reports at the balance level instead.

This topic includes the following:

- How to restate currency amounts using detailed restatement
- How to restate transactions using allocations (alternate method)



Use allocations as an alternate method *only* if you already use detailed currency restatement for another purpose.

How to Restate Currency Amounts Using Detailed Restatement

Before you restate your base currency amounts in the euro, determine whether you really need those amounts restated at a detail level. Most companies should be able to restate their currency amounts at the balance level and not have to restate amounts at the detail level. Restating amounts at the detail level has sizing implications because all domestic currency transactions in the general ledger are duplicated in the alternate currency ledger. For example, if you enter approximately 2,000 records on a monthly basis, you will have 4,000 records for each month after you run detailed currency restatement. This can have a considerable impact on your system disk resources.

The Detailed Currency Restatement program restates general ledger transactions to another currency, such as the euro. Use this program to restate transaction amounts from a company's standard set of books (AA ledger type) to a euro

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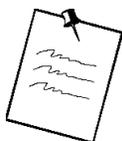
amount in the alternate currency ledger (XA ledger type). The limitation to this program is that you can restate amounts in only one currency.

The Detailed Currency Restatement program uses the no inverse method when restating amounts from EMU member currencies to the euro. The program uses the most recent effective exchange rate and the override conversion method in the exchange rate table to calculate a new transaction amount in the euro. It reads the existing transactions in the general ledger and creates new euro transactions in the alternate currency ledger.

To view detailed transactions online in the euro, see *Viewing Transaction Amounts in the Euro*.

For more information about detailed currency restatement, see the following chapters in the *General Accounting Guide*:

- *Understanding Detailed Currency Restatement*
- *Setting Up Detailed Currency Restatement*
- *Calculating Detailed Currency Restatement*
- *Reviewing and Approving Detailed Currency Transactions*



For purposes of currency restatement, the triangulation enhancement is available for detailed restatement only and is not available for balance restatement. The balance restatement program uses a different rate table, which is not part of the enhancement. However, it is possible to follow the triangulation rule with balance restatement by restating amounts into the euro and then the desired currency.

How to Restate Transactions Using Allocations

For companies that already use detailed currency restatement for another purpose, The Indexed Allocation program provides an alternate method to viewing euro amounts at the transaction level during the euro transition period. With indexed allocations, you copy transactions in the general ledger, apply a rate, and create new transaction records in a different ledger type.

Depending on whether your base currency has been converted to the euro, you can create transactions for detailed reporting either from the euro to an EMU member currency or from an EMU member currency to the euro. The amounts are restated at the detail level in the Account Ledger table (F0911) if allocation method T is used.

For more information about indexed allocations, see *Working with Indexed Allocations* in the *General Accounting I Guide*.



Rounding issues occur when using this method. Use it cautiously.

Viewing Transaction Amounts in the Euro



Before, during, and after converting to the euro you can view transaction amounts in three currencies: domestic, foreign, and the euro (or any other “as if” currency). To view these different transaction amounts, you use the euro display functionality. For financial reporting, this functionality is included in the Account Ledger Inquiry program and many financial and localization reports.

The euro display functionality allows you to view transactions in a currency other than the currency in which they were actually stored. In this regard, it is different from viewing the amounts created by detailed currency restatement. The euro display functionality was not designed for purposes of balance restatement.

The amounts you view when you use the euro display functionality depend on your processing options. You determine the as if currency and the as of date to calculate exchange rates and view amounts in the euro.

One of the advantages to the euro display functionality is that it does not impact disk space. This is because the euro amounts you view are kept in temporary memory and are not stored in a table.

This topic describes the following:

- How to view euro amounts on Account Ledger Inquiry
- Financial reports that use the euro display
- Localization reports that use the euro display

How to View Euro Amounts on Account Ledger Inquiry

From the Journal Entries, Reports, and Inquiries menu (G0911), choose Account Ledger Inquiry.

The euro display functionality for the Account Ledger Inquiry form is the same as the functionality for the Customer and Supplier Ledger Inquiry forms in that you

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can view amounts in your domestic currency and the euro, or any other as if currency.

09200 Account Ledger Inquiry

Account 410,872.00
Administrative Expense

Skip to Doc/Type
Y-T-D Period End
Cumul Period End

From Date/Period 01/01/99
Thru Date/Period 01/31/99
Ledger Type . . . AA BA
Subledger . . . *
Currency Code . . *

Q	DT	Document	Date	Explanation	General Ledger	Budget Amount
	PV	22	01/31/99	A French Corporati	1,344.49	
	RI	5642378	01/31/99	A German Corporati	687.19-	
	RI	7823921	01/31/99	A German Corporati	3,585.32-	
	PV	15	01/31/99	A French Corporati	200.00	
	PV	23	01/31/99	A French Corporati	3,800.00	
	PV	21	01/31/99	A German Corporati	5,000.00	
	PV	13	01/31/99	A German Company,	200.00	
	PV	3	01/31/99	A German Company	1,000.00	
	PV	2	01/31/99	A German Company	200.00	
	PV	20	01/31/99	A French Company,	975.00	
	PV	19	01/31/99	A French Corporati	669.40	
	PV	18	01/31/99	A German Company,	1,300.00	
	PV	17	01/31/99	A German Corporati	200.00	
	PV	11	01/31/99	A French Company,	5,750.00	

Opt: 1/2=Orig Entry, 5=Details, F21=Prt Ledg, F17=Top, F18=Totals, F24=More.

The euro display functionality for the Account Ledger Inquiry form is different from other ledger inquiry forms in the following ways.

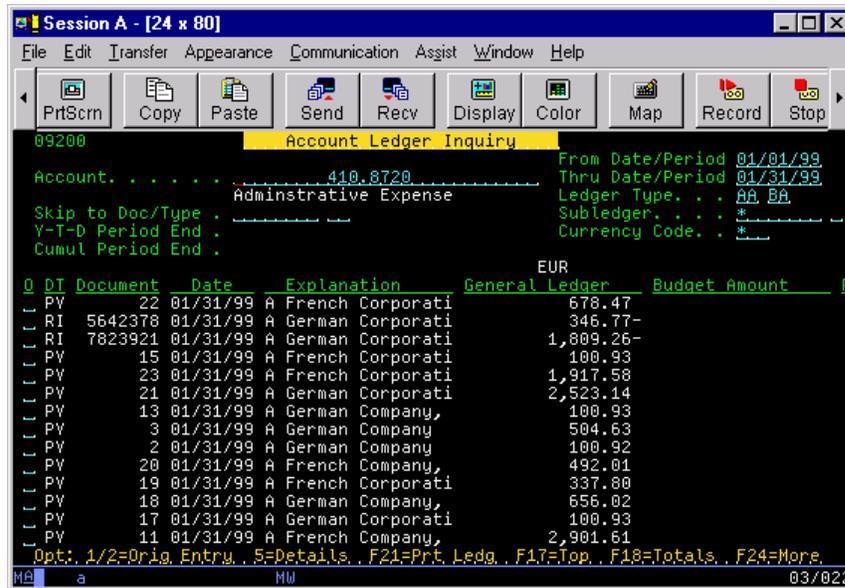
You can view two ledger types simultaneously on the Account Ledger Inquiry, whereas you can view only one ledger type on the other ledger inquiry forms that use the euro display functionality. To view two ledger types, you must first set the dual ledger processing option.

There are two Ledger Type fields in the upper part of the Account Ledger Inquiry form. In the *left* field, you enter the ledger type in which to view euro amounts. In the right field, you enter the ledger type in which to view your domestic currency amounts. For example, you can view budget amounts in the euro and budget or actual amounts in your domestic currency.

If you view amounts for the CA (alternate currency) ledger, remember that the amounts are meaningless. That is because the CA ledger contains more than one currency and the euro display restates only one currency at a time.

You can view transactions for a fiscal period only. The From and Thru dates must encompass a fiscal period, whereas you can view a specific range of dates with the other inquiry programs that use the euro display functionality.

If a currency code appears above the amount column on the left, you are viewing amounts in the as if currency (euro) →



To toggle between the euro and domestic currency amounts, press F19.

Depending on how you set the dual ledger processing option, you can display euro amounts on the Account Ledger Inquiry form in one of the following formats:

- One Ledger Format. Displays amounts in a debit and a credit column for the ledger you specify. Press F19 to display euro amounts in the debit and credit columns.
- Two Ledger Format. Displays amounts in the ledger 1 (left) and ledger 2 (right) columns for the two ledgers you specify. You can view euro amounts for the ledger 1 column amounts only.

To view both domestic and euro amounts, enter AA in the two Ledger Type Fields. The euro amount displays in the left column and the domestic currency displays in the right column.

To print the euro amounts on a report, press F21 while viewing the euro amounts.

Financial Reports That Use the Euro Display

The following financial reports use the euro display functionality.

- Print Account Ledger (P09200P)
- G/L Legal Name Register (P09404)
- G/L by Object Report (P09421)
- G/L by Category Code (P09470)

Localization Reports That Use the Euro Display

The following localization reports use the euro display functionality.

Report Name	Program Number
VAT Report Print	P7400C1
VAT on Receipts	P7400C2
VAT on Payments	P7400C3
G/L by Object	P7409C1
G/L by Category Code	P7409C2
General Ledger	P7409C2A
Trial Balance by Object	P7409C3
Trial Balance by Category Code	P7409C4
General Journal	P7409C5
Italian Suspended VAT Report	P74079
Italian Monthly VAT Report	P004051
Italian VAT Summary Report	P74093
Italian Annual VAT File Build	P00911
G/L Legal Name Register	P09404
A/P Ledger Report	P7404014
A/R Ledger Report	P7403013
A/P Open Amount Report	P7404026
A/R Open Amount Report	P7403025

When you set the processing options for these reports, make sure you designate the As If Currency and the As Of Date as described in this chapter.

The Italian Annual VAT File Build (and two Instrastat Update programs) is unlike other programs that use the euro display enhancement. It writes amounts to a table, whereas the other programs do not.

Processing Options

To use the euro display functionality for the Account Ledger Inquiry and for reports, you must set the following process options:

Processing Option	Explanation
As-If Currency Display	The currency code in which you want to view as if amounts. If left blank, amounts display in their original currency.

Processing Option	Explanation
As-Of Date	The date to use for calculating the exchange rate for the as-if currency. If left blank, the Thru Date is used. If both the processing option and the Thru Date are blank, the system (today's) date is used.

The Account Ledger Inquiry program has an additional processing option that you must set:

Processing Option	Explanation
Dual Ledger Display	This displays a second Ledger Type field, so that you can view two ledger types.

Application Outside of the EMU

The euro display functionality, which allows you to view amounts in your domestic currency and an "as if" (alternate) currency, is useful in any multi-currency environment. You can view and compare amounts between *any* currency. For example, you can view amounts in an alternate currency, such as the Japanese yen, and compare those amounts to your domestic currency amounts.

Additionally, on the Account Ledger Inquiry form, you can view amounts in two different ledgers. For example, you can view budget amounts in the Japanese yen and budget or actual amounts in your domestic currency. Be aware, however, that if you view amounts for the CA (alternate currency) ledger, the amounts are meaningless. That is because the CA ledger contains more than one currency and the euro display restates only one currency at a time.

One of the advantages to the euro display functionality is that it does not impact disk space. The as if amounts you view are kept in temporary memory and are not stored in a table.

The euro display functionality does not replace balance currency restatement. You will continue to use balance currency restatement when restating currencies with exchange rates that fluctuate against other currencies.

Before Creating Intrastat Reports in the Euro



As of 1 January 1999, it is possible that Intrastat reporting requirements in Economic and Monetary Union (EMU) member nations might be affected by the euro. Each EMU member nation will determine its own Intrastat requirements. If the requirements change for your country, ensure that you process your Intrastat reports in your national currency by year end and before you convert to the euro.

After the introduction of the euro, one of the following situations might apply to your company:

- Your company has not converted its base currency to the euro, but the government of the EMU member nation in which you do business requires that you submit Intrastat reports in the euro
- Your company has converted its base currency to the euro, but the government of the EMU member nation in which you do business is not prepared to handle Intrastat reports in the euro and requires that you submit them in the national currency

The euro display enhancement provides a simplified approach to reviewing and printing amounts in a currency different from your base currency for Intrastat reporting.

The government of each EMU member nation determines whether Intrastat reporting must be submitted in the euro or a national currency beginning in 1999. Regardless of whether you have converted your base currency to the euro, your company can meet their reporting requirements.

This describes the following:

- What to consider before you create Intrastat reports
- When to update the Intrastat workfile

For more information about Intrastat reporting, see the *Global Solutions Guides* or the *Tax Reference Guide*.

What to Consider Before You Create Intrastat Reports

After 1 January 1999 and before you create Intrastat reports, ask the following questions:

- What is the base currency of each of my companies?
- In which currency must I submit Intrastat reports for each of my companies?

If your business has multiple companies with multiple currencies, it is important that you approach your Intrastat reporting carefully during the euro transition period. You should always know the base currency of each company and whether Intrastat reports must be in a national currency or the euro. In this way, you ensure that you convert currencies for Intrastat reporting only as necessary.

Example: Company and Intrastat Reports are in Different Currencies

Your business has five companies, each with a different base currency. You process all Intrastat reports at the end of 1998.

On 1 January 1999, company 1 converted its base currency from the deutsche mark to the euro and company 4 converted its base currency from the French franc to the euro. Companies 2, 3, and 5 did not convert to the euro.

The government for company 1 and company 4 require that they submit Intrastat reports in the deutsche mark and French franc, respectively. The governments for companies 2, 3, and 5 require that they submit reports in their respective national currencies. For Intrastat reporting purposes, you should convert the euro amounts for company 1 and company 4 back to the deutsche mark and French franc, but you do not need to convert the amounts for companies 2, 3, and 5.

For company 1 and company 4, you run the Intrastat update programs to load the information in the Intrastat workfile (F0018T) and at the same time convert the amounts. You do this one company at a time, creating a separate DREAMWriter version to designate DEM and FRF, respectively, in the as if currency process option.

When to Update the Intrastat Workfile

Before you can create Intrastat reports in the euro, or other as if currency, you must run the following update programs, which are located on the EU VAT Processing menu (G00211):

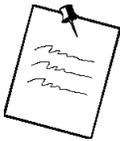
- Update Extra Tax file – Sales (P0018I1)
- Update Extra Tax file – Purchasing (P0018I2)

These two programs use the euro display enhancement to convert the transaction amounts to an as if currency and then write them to the EU Intra-

Community workfile (F0018T). Each amount is converted separately, following the no inverse method of exchange rate calculation and triangulation.

For example, a German company has converted its base currency to the euro but must report all Intrastat information in deutsche marks. The program converts the euro (base currency) to deutsche mark (as if currency) and updates the deutsche mark amount in the F0018T table for Intrastat reporting.

These two update programs (and the Italian Annual VAT File Build program) are unlike other programs that use the euro display enhancement. They write amounts to a table, whereas the other programs do not.



If you have converted all of your companies to the euro and you must submit Intrastat reports in a national currency, run the Clear Extra Tax File program first. This removes the records that you select from the Intrastat workfile (F0018T).

You can then run the update programs to update the Intrastat workfile, one currency at a time, and create Intrastat reports in the national currency.

Processing Options

Processing Options	Explanation
As If Currency	Enter the currency code, such as EUR, for as if reporting. The program converts and writes amounts to a tax table. This allows you to write amounts in a currency other than the currency in which they were stored.
As Of Date	Enter the date to use for calculating the exchange rate for the as if currency.



If you have records prior to 1 January 1999, be careful that you do not inadvertently convert them to the euro. Make sure that the as of date in the processing options is 010199.

Creating Tax Reports in the Euro



Many European companies use the Tax Detail and VAT Exception reports to help them complete their VAT return forms. During the euro transition period, you may create and print these reports in a currency other than the base currency of your company. For example, your company has converted its base currency to the euro, however your government still requires tax reports in the national currency.

To handle these types of situations, you can create tax reports in a currency different than your base currency. The following tax reports use the euro display enhancement, which converts currency amounts to an as if currency:

- Use and VAT Tax (P0018P)
- VAT Exceptions (P001807)

The euro display enhancement used by these tax reports follows the no inverse method of exchange rate calculation. These tax reports print amounts in an as if currency; they do not write any amounts to a tax table.

From the Tax Processing and Reporting menu (G0021), choose Use and Vat Tax or VAT Exceptions.

For more information, see the *Global Solutions Guide* and the *Tax Reference Guide*.

Processing Options

Processing Options	Explanation
As If Currency	Enter the currency code, such as EUR, for as if reporting. The program prints amounts in a currency other than the currency in which they are stored.
As Of Date	Enter the date to use for calculating the exchange rate for the as if currency.

Revaluing Assets in the Euro



The euro conversion process converts assets amounts to the euro. However, if your company has not yet run the euro conversion process, you might want to restate the cost of your assets in the euro. You can revalue your assets in the euro during the euro transition period, before you convert your base currency to the euro.

Before you revalue your assets in the euro, you must set up the following for your new euro balance amounts:

- Ledger type
- Subledger and subledger type

When you revalue your assets in the euro, the Revaluation Journal program stores the restated amounts in one of these ledger or subledger types.

If you set up a new ledger type for the euro, you can depreciate your assets in your base currency and the euro. You do this by setting up user-defined, date-effective depreciation rules. These rules can be different for each asset ledger type. Because these rules are date sensitive, you can easily respond to any new rules that your government may require for fixed asset reporting.

The Revaluation Journal program, in final mode, updates the Item Master (F1201), Item Balances (F1202), and Account Ledger (F0911) tables with the new euro amounts. This program is located on the Asset Valuation menu (G1234).

For more information about asset revaluation, see the following chapters in the *Fixed Asset Guide*:

- *Understanding Revaluation*
- *Calculating Revaluation*

