

Introduction to Multi-Currency

Lincoln Stoller, 9/05/2001



This is an introduction to 4th Quarter's multi-currency module and how it's used. A separate Multi-Currency User's Manual will be provided. See the document titled "4Q MC Features List" for a full list of all the multi-currency features in each of 4Q's user areas.

Extensive Multi-Currency Support

4th Quarter's Multi-Currency module (referred to here as MC) provides a complete multi-currency package for handling multiple currencies, multiple rates for each currency, and potentially minute-by-minute fluctuations in rates. MC affects all areas of 4th Quarter, from cash management and financial reports, to inventory and finance charges.

MC provides complete dual-currency recording of all transactions and balances. In 4Q's single-currency system every value is denominated in a fixed base currency; in 4Q's multi-currency system every value is expressed in both the base and foreign currency. This provides complete, accurate comparison of the effects of changing rates between currencies and over any time period for any set of accounts.

Multi-Currency Database

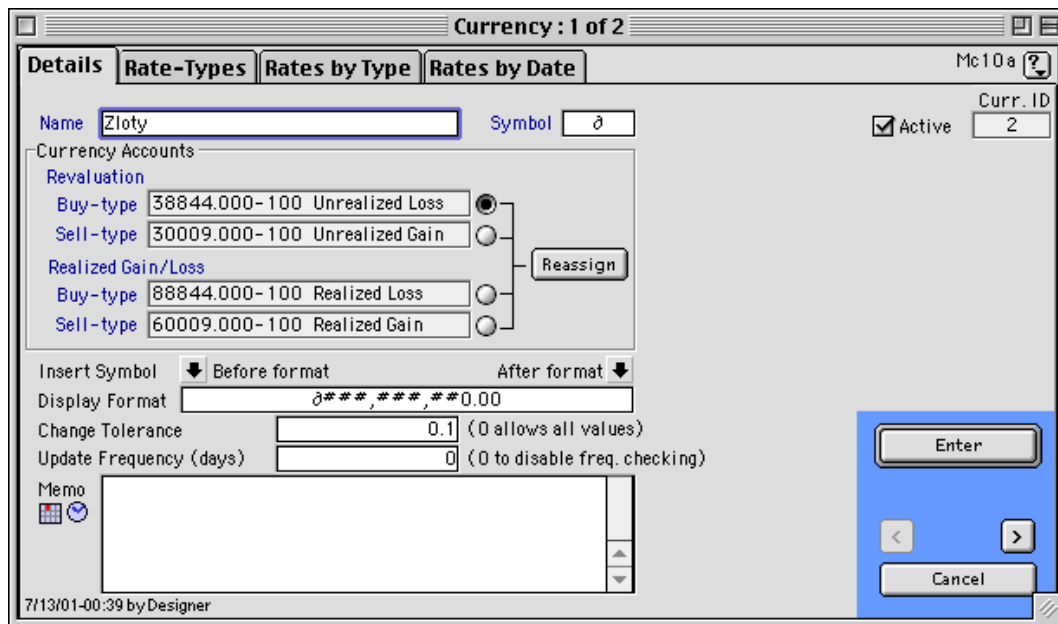
The heart of the MC system is a database of currencies, rate-types, and exchange rates. This is accessed from the main control screen through a popup menu labeled "Multi-currency". This opens either a list of currencies or a list of rates. Each currency stores properties that affect how it is displayed and used. Each rate is date and time stamped.

Each currency is assigned a symbol prefix (or suffix) and a specified number of decimal places. Where ever you can view a mixtures of currencies, each currency can be identified by the assign symbol and displayed format.

Enforcing current rates

Each currency can be assigned a maximum age. The system will not allow the entry of a

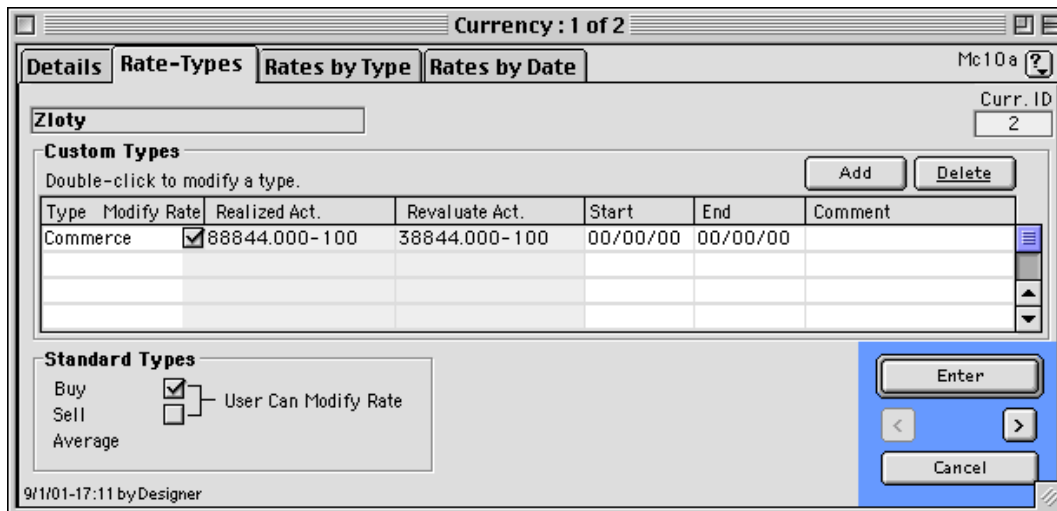
transaction if there is no sufficiently recent exchange rate available.



Support for multiple rate-types

Each currency supports Buy, Sell, and Average rate-types and you can add any number of custom rate types. Each rate-type defines an alternative set of exchange rates. Each rate-type can be assigned its own account for the purposes of recording realized and unrealized gains or losses from currency fluctuations.

4Q's rate database stores a list of date and time stamped exchange rates for all the currencies and their rate-types. The system draws on this database when transactions are entered and automatically converts foreign currency values at the rates effective at the time of the transaction.



Controlling user changes

Users entering transactions may or may not have the ability to override the exchange rates stored in the system. This is determined by the "modifiability" setting stored with

each currency and rate-type. Each currency has a maximum amount by which a rate may be changed. This controls the risk of incorrect conversions that can result from typing errors.

Multi-Currency Accounting

4th Quarter uses a two-level account structure in which many journal accounts (or “subsidiary accounts”) link to a small number of general ledger accounts. Each GL account is assigned a currency. All the journal accounts relating to this GL account inherit that GL account’s currency.

For example, if a GL account named “European Accounts Receivable” is denominated in Euros, then all client AR accounts linked to it will be denominated in Euros. This means that once you set of up the currencies at the GL account level, you are finished.

Real-time, dual-currency tracking

All account balances can be displayed in either the system’s base currency or the designated account currency. This is not an approximate conversion process — 4Q’s dual balance system ensures that the foreign and base currency balance of every account is maintained exactly, in parallel, and in real-time. You can switch back and forth between the display of balances in either currency. The values are displayed instantly. The reports you print will display the display mode that you’ve selected.

Multi-currency payables and receivable

Different currencies can be assigned to individual customer and vendor accounts. Payments and receipts, if made in different currency, are converted to the AR and AP currency before settlement. Realized gains and losses are automatically computed for allocated funds only. Funds can be reallocated at any time with previously realized gains or losses adjusted automatically.

Multi-Currency Transactions

Real-time, triple-currency tracking

Cash and general journal transaction can be entered in any currency. The currency that is assigned to a transaction can differ from the currencies of the account involved in the transaction.

4th Quarter retains the values in the currency entered, the equivalent amounts in the system’s base currency, and the amounts expressed in the listed account currencies. 4th Quarter will automatically convert the amounts to each account’s currency based on the effective transaction date and time. Reports and displays of any selection of transactions and transaction totals can be immediately expressed in any currency without approximation.

User control of exchange rates

Transaction exchange rates may be changed by the user when this option is enabled on an individual rate-type basis. Changes made at the transaction level only affect that one transaction.

For example, a transaction might involve three accounts denominated in different cur-

rencies. The values could be specified in a fourth currency. The user can view and, if allowed, change the exchange rates that will be used in making the conversions to all of these currencies.

Currency Rates						
Find Rate		Last	or	As of:	08/19/2001 4:45 PM	Apply to List
Account N°	Account Name	Currency	Type			
38845.000-49	Esquavel	Squeeks	Commerce		1.458	
11801.000-38	Liberation Army	Dollars			1	
38844.000-100	Unrealized Loss	Dollars			1	

The currency rates assigned to a revaluation transaction cannot be changed.

Accept Changes Return Tr45

Some types of transactions only provide the user with access to the exchange rates for a certain account. For example, invoice, sales, purchase, and purchase order screens only support user-access to the rate that applies to the customer's AR or the vendor's AP account. The system automatically locates the proper exchange rates for other foreign currency accounts involved in these transactions.

4th Quarter's transaction database keeps a complete record of the exchange rates used for every transaction. You can audit the rates and modify the rates used in existing transactions (where applicable).

Multi-Currency Sales and Purchasing

4th Quarter supports a set of 12 non-inventory sales and purchase screens for handling events such as cash, credit memos, and advances. The user can set the transaction currency and client or vendor exchange rate in these screens.

Multi-currency inventory pricing

In 4th Quarter each inventory item supports an unlimited number of graduated price schedules. In the extension to MC each price schedule can now be assigned a currency.

Multi-currency invoice and purchase orders

Invoices and PO's take the currency that is assigned to the indicated customer or vendor. Prices and costs will be displayed in the assigned currency. The user can modify the exchange rate, where allowed.

Multi-Currency Reporting

All reports that display transaction amounts can be displayed on-screen or printed to paper or disk in either the transaction currency, the system base currency, or the currency of the accounts involved. Reports that display account balances can be displayed on-screen or printed in either the system base or account currency.

Customizable financial reports can present general ledger figures in either system or account currencies. Mixed currency reports can be created. Reports enforce currency consistency rules across all levels of summations.

Recognizing Currency Gains and Losses

Realized gains and losses are recorded when transactions are settled. Settlement does not prevent subsequent change in allocations. Gains and losses for each currency rate -type can be recorded using different accounts.

Unrealized gains and losses are recorded by a manually controlled administration-level revaluation process. Revaluation can be performed for selected currencies, selected accounts within currencies, and selected date ranges of transactions within accounts.

Controlling Multi-Currency Access

The control and display of multi-currency information can be set on a user-by-user basis. Users who do not have multi-currency entry authority simply see all values in the system's base currency. They cannot print multi-currency reports, enter multi-currency transactions, or access multi-currency rates.

Access to the currency database within 4Q, where currencies are defined and rates updated, is controlled through the creation of groups with access to currencies. The administrator assigns users to these password protected groups as a standard part of multi-user management. Only users with access to the Currency User Area can modify the currency and currency rate database.

Multi-Currency is Backward Compatible

4Q's new multi-currency module is backward compatible with all previous versions of 4th Quarter. Adding multi-currency to an existing 4Q system involves nothing more than installing the new software and creating multi-currency information within your existing database. No data conversion is needed.

Multi-Currency is Customizable

4Q's multi-currency system is fully supported within 4Q's superior customization options. Source code licenses remain the same, program language-level tools continue to work as before, and now support the additional multi-currency data.

If you have questions about 4th Quarter's multi-currency features, or special needs that you would like to discuss, please contact us!

4th Quarter Accounting Solution is licensed by Braided Matrix, Inc. For more information see our web site at <http://www.4thquarter.com>, phone us at (877) 988-1099, or email us at info@4thquarter.com