

axis diplomat

Foreign Currency

The **axis diplomat** Foreign Currency module is an addition to the **axis diplomat** Accounts module, which allows sales and purchases to be made in currencies other than Sterling via the creation of additional ledgers.



The Foreign Currency module

A separate sales or purchase ledger is required for each currency to be dealt with. The standard sales and purchase ledgers are always in the base currency, matching the Nominal ledger (usually Sterling).

The Foreign Currency module allows customers to be invoiced in a currency other than sterling, and for the balances on their accounts to be maintained in that currency. These balances are transferred to the nominal ledger in the base currency (normally Sterling) and are adjusted from time to time to reflect the current exchange rate in accordance with Statement of Standard Accounting Practice, SSAP 20. Suppliers are handled in a similar manner.

Differences between the Sterling equivalent of invoices at the time they are entered and the Sterling equivalent of the matching payments when they are made or received are automatically posted to an Exchange Variance profit and loss account on the Nominal Ledger as part of the period end procedures. Each foreign currency ledger can have its own Exchange Account if required.

For each ledger the currency description, currency symbol, and default exchange rate may be set up. It is also possible to set up an alternative Transaction Types Description File so that, for example, on statements descriptions like 'INVOICE' can be printed in the customer or suppliers own language.

All values on the customer or supplier accounts are held in currency, but may be converted to sterling for reports such as the 'Debtors Schedule', at either the current exchange rate or at the exchange rate of the original transaction.

Order Processing and Invoicing

All transactions associated with a currency customer or supplier are in the currency associated with that customer or supplier. For foreign currency customers, this includes quotations, sales orders, invoices, credit notes and cash received.

The same exchange rate applies to every item on an invoice or credit note. Invoices and credit notes are always printed in currency. Where an order is partially released on several occasions to generate a number of invoices from a single sales order, each invoice may have a different exchange rate.

Stock Ledger

Prices and costs held on stock records are always in sterling, being converted to currency at quotation/order/invoice entry time. A facility is available, however, to provide Currency Price Lists. This option allows stock items to be priced in an appropriate currency value, which does not necessarily fluctuate with the exchange rate. Using this mechanism, an item, for example, can be priced at £14.99, \$9.99 and €21, irrespective of the prevailing exchange rates.

Values on stock transactions are always in Sterling; goods received from foreign currency suppliers are revalued in Sterling to provide Current and Actual costs using the exchange rate in force at the time that the actual cost is confirmed.

In addition, customer-specific and supplier-specific pricing options are supported in currency. On systems using the Customer Stock Pricing option, price list entries for foreign currency customers are in that currency. On systems using Purchase Order Processing, supplier price list entries for foreign currency suppliers are also held in those supplier's currencies.

Nominal Ledger

All transactions to be posted to the nominal ledger are created in sterling, the exchange rate entered for the transaction being used where appropriate. The control account for the currency ledger in the nominal ledger is therefore held in sterling: each time the currency ledger is posted, a transaction for the sterling equivalent of the total amount posted is created.

When the sales or purchase ledger is period-ended, the current balance on the currency ledger is converted to sterling at the current default exchange rate for the ledger. This value is compared with that of the control account for the ledger and a transaction raised against the exchange variance account for the difference if necessary. A similar calculation is carried out and reported whenever the draft accounts are printed, but no transaction is actually raised.

Within the Cash Book module, foreign currency bank accounts and petty cash accounts may be created. A function is also provided to re-value currency Cash Book accounts - it will calculate the Sterling account balance of each nominal currency bank and petty cash account in use based on the current exchange rate and, if required, generate a pair of journals between the account and the exchange variance account for the corresponding ledger.

Further Information

For further details please call one of our sale team on **0800 668 1934** or by visiting our website www.axissoftware.co.uk