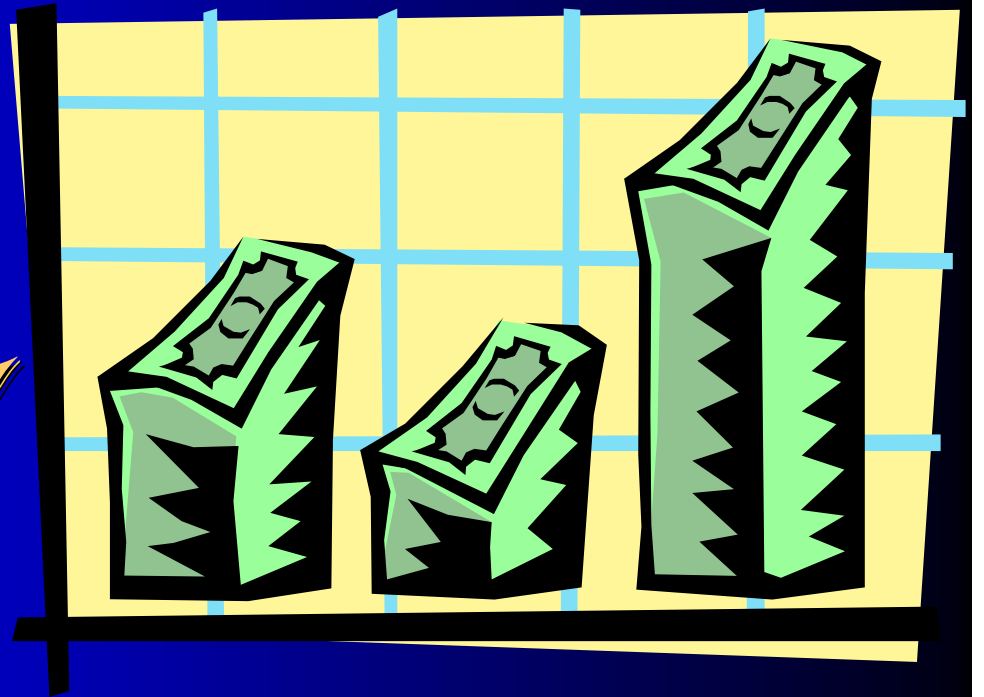


MULTI-CURRENCY



In Oracle Applications

Multi-Currency enabled

- Designed to be used in multi-currency business environment
- Various processes allow the use of this functionality
- There are various inquiry and reporting options that support this functionality
- Functionality helps track business and financial results in a multi-currency transactional environment

Multi-Currency processes

CONVERSION

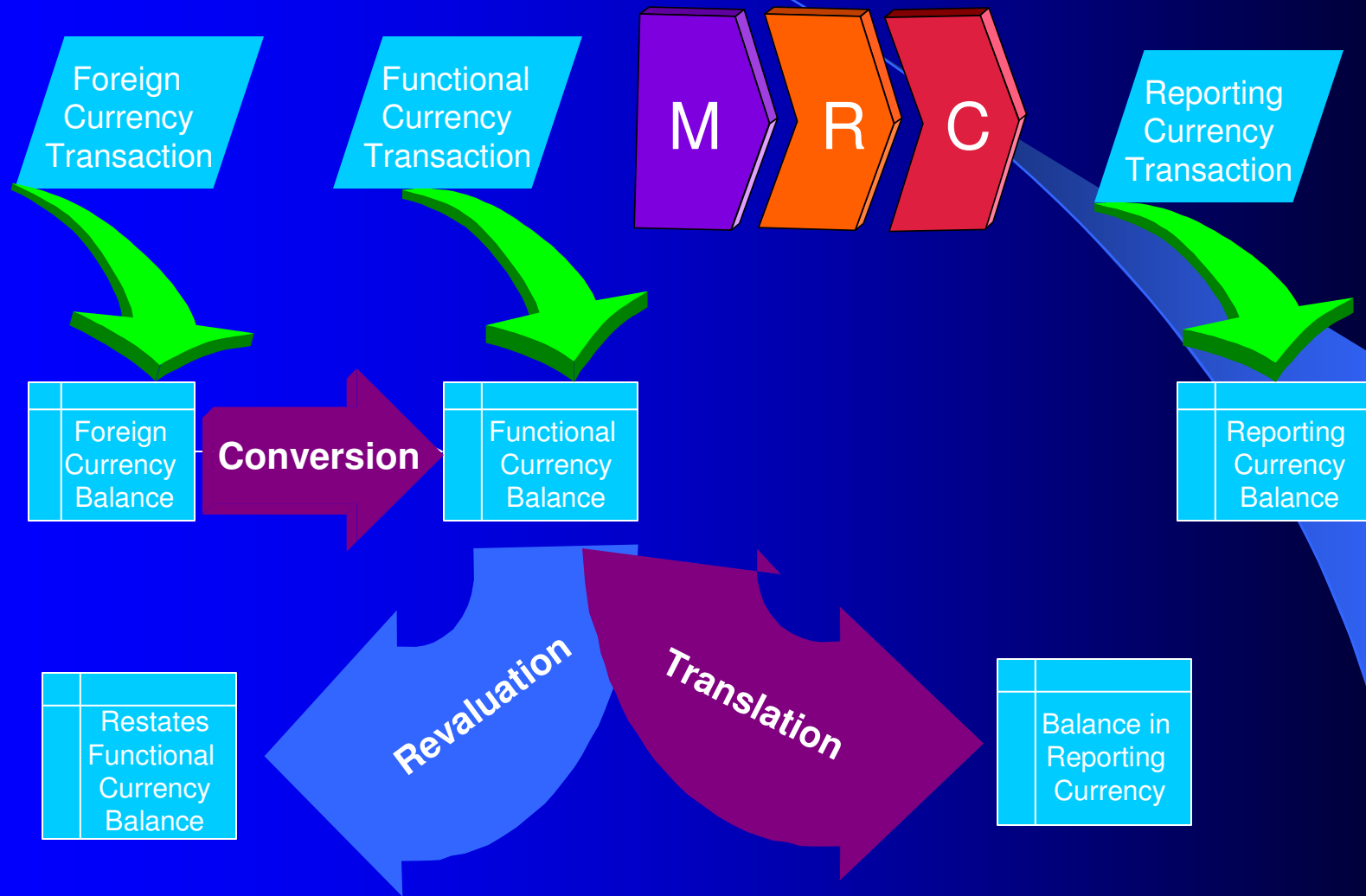
REVALUATION

TRANSLATION

MRC – MULTIPLE REPORTING CURRENCY

EFC – EURO AS FUNCTIONAL CURRENCY

Multi-Currency Overview



Terminology

- Functional Currency
 - Currency of your Set of Books
 - Each Set of Books can have only one
 - All transactions and balances stored in this currency
 - Balances also include foreign currency transaction
 - Sub-ledgers attached to the Set of Books inherit the Set of Books currency

Terminology

- Foreign Currency
 - Any currency other than Functional
 - Transactions are entered and recorded with an exchange rate
 - This rate is used to convert to functional currency
 - Applications also require a rate type and a rate date to convert
 - And a currency code

Terminology

- Reporting Currency
 - The currency to which the period-end GL balances are translated
 - Referred to as reporting because it is mostly used for reporting
 - Also is used to consolidate into a Set of Books for reporting in a common currency
 - Non transaction related reporting

Terminology

- Entered/Transacted Currency
 - Can be functional or a foreign currency
 - Original currency used when the transaction is recorded
 - Foreign Currency needs to be used with an Rate Type, Rate Date and Rate
 - Can use any currency code as long as it is defined and enabled

Terminology

- Conversion
 - Converts foreign currency amounts to functional currency
 - Process is automatic and is on-line at the time transaction is saved
 - Based on exchange rate type, exchange rate date and exchange rate
 - Rates can be entered for each transaction;
OR
 - Can be stored in a table for repetitive use

Terminology

- Revaluation
 - Process of adjusting period-end functional (foreign currency denominated) balances
 - Process performed by a concurrent program
 - Necessary due to fluctuations in exchange rates
 - Reversing Journal entry is created
 - The offset is to an Unrealized Gain/Loss Account

Terminology

- *Unrealized Gain/Loss Account*
 - Created as a result of fluctuation of the exchange rate between when the transaction was recorded and at reporting time (period-end)
- *Realized Gain/Loss Account*
 - results when a (Payables/Receivables) transaction is settled with an exchange rate different from the one the transaction was originally recorded with

Terminology

- Translation

- Process of calculating period-end balances in a currency other than your functional
- These balances can only be used to report from
- Often this currency is called the reporting currency
- Also performed prior to consolidating to another Set of Books for common reporting

Currencies

- Oracle Applications is pre-seeded with all ISO currencies
- Only the US Dollar(USD) is enabled when installed
- Enable any other currencies that you want to use
- Applications also has capability to handle the euro and its associations with member country currencies
- You can define additional currencies as required

Exchange Rates

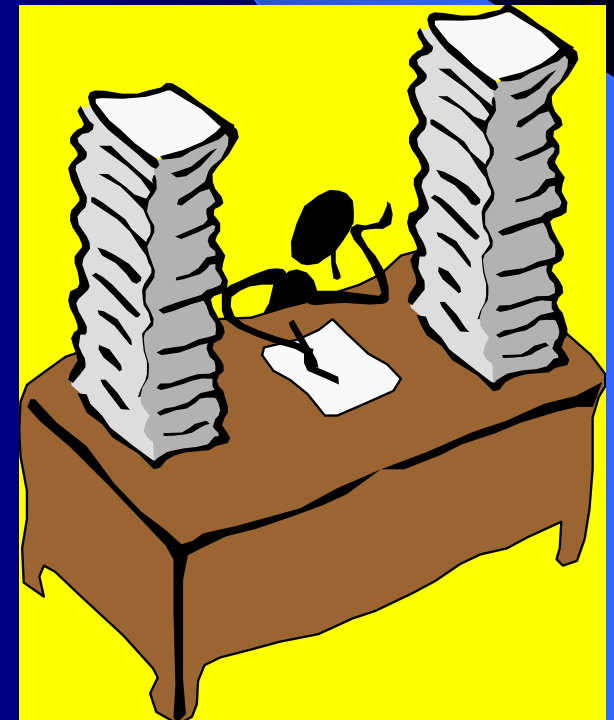
- Required to convert foreign currencies to functional currency
- Two additional specifications are required
 - Exchange Rate Type
 - Exchange Rate Date
- Four (4) pre-seeded Exchange Rate Types
 - Corporate, Spot, User & EMU Fixed
- Must specify Currency Code, Exchange Rate Type, Exchange Rate Date and Exchange Rate for conversion to be performed

Exchange Rates – Contd.

- Revaluation uses another rate – the inverse of the Period-End Rate
- Translation uses the Average Rate for a period to perform translation of Income & Expenditure Accounts
- Translation uses Period-End rates to translate Balance Sheet Accounts
- Historical rates can be used to translate specific account balances

Modules impacted by Multi-Currency

- Purchasing
- Order Entry
- Accounts Payable
- Accounts Receivable
- Cash Management
- Inventory
- General Ledger
- Projects



Purchasing

- Approval limits are expressed in functional currency
- Requisitions and Purchase Orders can be entered in any currency
- Estimated price is in functional currency
- Currency information cannot be changed after approval or forwarding
- AutoCreate the Buyer can select all currencies or by currency (and other criteria)
- Currency information on Releases defaults from Blanket PO
- Receipts in 11i also store currency information

Purchasing – Defaults

- Invoice currency defaults from Set of Books, Vendor or Vendor Site in that order
- The rate type defaults from the setup in the Purchasing Options for the Operating Unit
- Rate Date is the system date when the Purchase Order is created

Accounts Payable

- Accounting entries are generated based on Invoice Rate
- Journals are generated based on entered currency – one Journal per currency
- Exchange rate differences are between PO and Invoice or Receipt and Invoice
- Exchange rate differences and variances are charged to Exchange Rate Variance (ERV) Account
- Invoice Batch Totals are a hash total and not currency specific
- Payment currency is linked to the currency of the Bank Account

Accounts Payable – contd.

- Need to generate multiple Payment batches to pay Invoices in each currency
- You can override the Bank Account default by setting the Payment format to allow multiple currencies
- Cash Management handles foreign currency reconciliation and accounts for rate fluctuations with appropriate setup
- Prepayments are handled appropriately at each stage – recording, payment, application to Invoice and Payment of Invoice

Accounts Payable - Defaults

- Invoice currency defaults from Set of Books, Vendor or Vendor Site in that order
- Invoices created using PO Matching use the currency from the PO
- Currency on Expense Report defaults to the functional currency of the Set of Books assigned to the employee
- The rate date for Expense Reports is the period end date
- Currency for the payment batch defaults from the Bank Account
- Rate Date defaults to the Payment Date

Order Entry

- Customer can place order, be invoiced and pay in any currency
- Price Lists must exist for each currency for the item ordered
- A Price List can have one currency only
- Credit Checking rules are checked in Order currency
- RMA currency and the Reference document (Sales Order) currency must be the same

Order Entry - Defaults

- Order Entry defaults for currency are controlled by Defaulting Rules
- Sales Order currency is the Invoice currency
- The Rate Type for the Invoice conversion is defined as part of the Order Type

Accounts Receivable

- Receivables calculates functional equivalent based on Rate Type and Invoice Date combination
- The AR Invoice and Receipt can be in different currencies
- This is controlled by setting a Profile Option
- Cross-currency partial receipt application to an Invoice has issues
- Needs manual intervention to accurately depict the transaction prior to 11i

Accounts Receivable - Defaults

- Rate Date for a receipt in a different currency is the system date when the receipt is entered
- For Manual Invoices the currency is the Set of Books currency

Inventory

- All Inventory and WIP Journals are in functional currency only
- Transfers between Inventory Organizations having different functional currencies, are converted using daily rates and a fixed rate type
- WIP and Inventory interfaces do not support multi-currency functionality
- Most reports are in functional currency only

Inventory - Defaults

- Rate Type is defined using a Profile Option and is defaulted to Corporate at the Site Level
- Receiving Transactions use the same rate as the Purchase Order or the Receipt

General Ledger

- Balances are stored for both functional and transacted foreign currencies
- Functional balances include the converted foreign currency transaction balances **
- Translation generates additional balances in the reporting currency
- When entering Journals currency defaults to functional, and can be changed
- You can change the currency on a Journal prior to posting

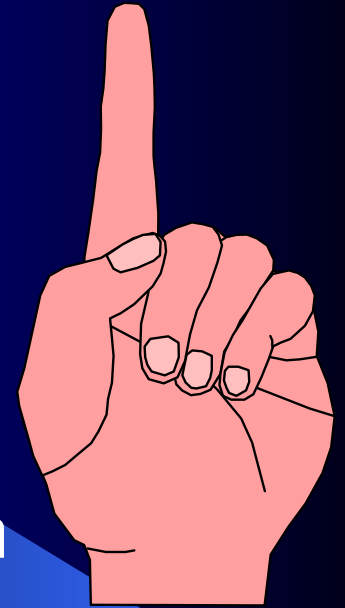
General Ledger contd.

- Reversing Journals retain the original journals exchange rate
- Budgeting can be done in functional or a foreign currency
- Recurring Journals can only be done in the functional currency
- MassAllocations can be defined and generated in functional or foreign currency
- If MassAllocation is defined to use a foreign currency – only those balances generated using that currency will be used

Revaluation

- Adjusts period-end balances for functional currency equivalents
- Creates a Journal that is marked for reversal
- Posts difference to an Unrealized Gain/Loss Account
- Revaluation is normally done at period-end to ascertain true equivalent value in functional currency

Revaluation



- The Revaluation process is performed in the General Ledger module
- SubLedgers typically provide reporting on unrealized / realized gains and losses
- SubLedgers do not adjust balance amounts within their data stores

Multiple Reporting Currencies

- New functionality introduced in Release 11
- Allows inquiry and reporting in a currency other than Transactional or Functional
- Works with all Financial modules
- Requires additional setup
- Requires additional processing

Multiple Reporting Currencies

- Setups performed in General Ledger
 - Additional Set of Books
 - Define Primary
 - Define Reporting
 - Assign Reporting to Primary
 - GL conversion options
- Other Setups activities
 - Assign other modules
 - Assign Operating Unit
 - Assign Asset Book for Fixed Assets
 - Start and End dates

Multiple Reporting Currencies

- General Ledger
 - Base module where most setups are done for the functionality to work
- The following modules store the data in both the currencies – Primary and Reporting
 - Accounts Payables
 - Accounts Receivable
 - Purchasing
 - Fixed Assets
 - Projects
 - Cash Management (thru AP and AR)
- Cost Management (only ad-hoc reporting)

Multiple Reporting Currencies

- Profile Options
 - MRC Set of Books
 - Set of Books Name
 - MRC:Maximum Days to RollForward Conversion Rate
- Responsibility Definition to access the Reporting Currency Data – different Data Group
- Loading Currency Exchange Rates
- One-Step SubLedger Processing

Euro as Functional Currency

- New functionality released to support the introduction of the euro
- In short called EFC
- A functionality that allows users to transition their NCU currency books to euro
- Uses the MRC functionality to assist in this process
- Steps involved are –
 - Initialize euro Set of Books
 - Run MRC
 - Adopt euro as functional currency

Euro as Functional Currency

- Initialize euro Set of Books
 - Creates opening balances in the euro Set of Books (Reporting)
- A set of utilities MRC Transaction Upgrade Utilities is used to achieve this
- A single Journal Entry is created to update the YTD euro balance
- Exchange rate is a fixed because of the relation between the euro and the NCU (explain acronym)

Euro as Functional Currency

- Run MRC
- This function allows you to inquire and report in two different currencies
- Your existing NCU books is the Primary Book and the euro book is the Reporting book
- This is standard MRC functionality
- This will also include your MRC enabled sub-ledgers as well
- Run MRC Transaction Upgrade Utilities to
 - Convert additional periods in AR and AP
 - Add projects in Oracle Projects

Euro as Functional Currency

- EFC Migration Utilities
- This process involves a set of two programs
 - Pre-processing
 - Processing
- The Pre-processing phase tests for incompatibilities and required data conversion and copying in the sub-ledgers
- The processing phase converts the euro (Reporting) book into your Primary book with all sub-ledger associations
- This process also converts your Primary book into the reporting book with all sub-ledger associations

Euro as Functional Currency

- Important points to be aware of –
 - All Operating Units for a given Set of Books must be migrated simultaneously
 - Archive and Purge old data
 - You must be on 11.03 and should have applied the most current MRC patches
 - When to create euro values for your sub-ledgers, and how much data to convert
 - All sub-ledger MUST be converted before you reach the last stage of the EFC process
 - Establish a rounding rule – Count, then round or Round, then count
 - How to convert foreign currency transactions – original transaction rate based or Initialization rate based
 - How to handle gains/losses on conversion
 - How long to maintain the NCU reporting books