

# Exchange rate differences documents

An exchange rate difference document is created as a result of completing documents in foreign currency at different exchange rates on the transaction. Such document is created also automatically at the moment of clearing (including payment completion) two journal entries which were generated at different exchange rates.

Characteristics of an exchange rate difference document:

- exchange rate difference is calculated automatically when combining documents issued at different exchange rates
- exchange rate difference is calculated automatically by the system and is not editable
- the date of the later of completed documents is set as the date of issue, with a possibility to change it
- once the combination of the associated documents is removed, the exchange rate difference document is automatically deleted

Positive exchange rate differences arise if:

- the value of receivable resulting from an invoice is lower than the payment actually received from a customer
- the value of expense is higher than the payment actually made

Negative exchange rate differences arise if:

- the value of receivable resulting from an invoice is higher than the payment actually received from a customer
- the value of expense is lower than the payment actually made

[example] A sales invoice, amounting to 100 USD, which must be

paid by bank transfer, is issued. On the day the SI is issued, the valid exchange rate is 1 USD = 4 PLN. A payment of receivable type amounting to 100 USD = 400 PLN is created.

On the 27th of February 2019 a deposit of 100 USD is received for that invoice. On the day the deposit is received, the valid exchange rate is 1 USD = 4.05 PLN. A CD document is created with the date 27.02.2019, amounting to 100 USD = 405 PLN.

The receivable and the transaction of revenue type have been fully paid. The completed amount is the same and is equal to 100 USD, however the value in PLN is different for each document.

The system automatically creates an exchange rate difference document amounting to 5 PLN and of *Positive* type, with the date of issue 27th February 2019. [/example]

#### Example

A purchase invoice for 200 USD paid in cash has been issued. On the day the PI is received the valid exchange rate is 1 USD = 4,20 PLN. After entering the invoice to the system, a payment of *payable* type, amounting to 200 USD = 820 PLN is generated.

Part of the amount equal to 100 USD is paid. On the day the PI is received the valid exchange rate is 1 USD = 4,30 PLN.

The system automatically creates an exchange rate difference of *Negative* type, amounting to 10 PLN ( $100 \times 4,30 - 100 \times 4,20 = 10$ ). [/example]

## List of exchange rate documents

The list of exchange rate documents is available from the level of *Finances*, under the button [**Compensations**].

Number	Revenue	Expense	Document Being Paid	Payment Document	Currency
ERD/2021/00001	0.20		SI/2021/00014	SI/2021/00014	USD
ERD/2021/00002		220.00	SI/2021/00015	SI/2021/00015	USD

## List of exchange rate documents

The list contains standard buttons which have been described in article <<Standard buttons>>.

The list is composed of the following columns:

- **Number** – system number of an exchange rate document, assigned by the system according to the numerator
- **Revenue** – value of an exchange rate of the *Positive* type
- **Expense** – value of an exchange rate of the *Negative* type
- **Document Being Paid** – system number of the document being paid
- **Payment Document** – system number of the payment document
- **Currency** – system currency of a company in which the document has been issued

and columns hidden by default:

- **Date of Issue**
- **Status** – status of exchange rate difference, possible values are: *Revenues, Costs, Compensations, Other*
- **Status** – status of exchange rate difference, possible values are: *Negative, Positive*
- **Owner** – center of the company structure which is the

issuer of a document

Detailed description of functioning of the filters can be found in category <<Searching and filtering data>>

## Exchange rate difference document form

To modify or view the details of a document, mark one of the documents on the list and then click [Edit].

Entity Code	Document	Paid	Exchange Rate	Type
COMARCH	SI/2021/00014	1.00 EUR ( 1.00 USD )	1.0000 EUR : 1.0000 USD	Revenue
COMARCH	SI/2021/00014	1.00 EUR ( 0.80 USD )	1.0000 EUR : 0.8000 USD	Receivable

Exchange rate difference document form

Modification of an exchange rate document is possible only for documents issued in the same company. Documents issued in different companies can be previewed only.

The form of exchange rate document is composed of the

following elements:

## Tab *General*

### Section *General*

- **Number** – system number of an exchange rate document, assigned by the system according to the numerator
- **Difference Type** – type of exchange rate difference: *Positive, Negative*. The field cannot be edited.
- **Status** – status of exchange rate difference, possible values are:
  - *Revenues* (association type: receivable and transaction)
  - *Costs* (association type: payable and transactions)
  - *Compensations* (association type: receivable and payable or deposit and withdrawal transactions)
  - *Other*

A user can add own values from the level of *Configuration* → *Generic Dictionaries* → *General* → *Exchange Rate Difference Status*.

- **Date of Issue** – document date of issue retrieved from the most recently generated paid document. It can be changed.
- **Exchange Rate Difference Value** – value of the created exchange rate difference
- **Owner** – center of the company structure which is the issuer of a document. Owner can be changed in an exchange rate difference document only if the document is not posted.

### Section *Paid Documents*:

- **Entity Code** – entity's code indicated on payment/transaction
- **Document** – system document number
- **Paid** – payment amount in the system currency and in the foreign currency

- **Exchange Rate** – exchange rate of the source document
- **Type** – type of transaction (*Revenue/Expense*) or payment (*Receivable/Payable*)

### ***Tab Analytical Description, Attributes, Change History***

Detailed description of the tabs can be found in <<Article>>. Change History

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## **Registration of unapplied exchange rate differences**

As a rule, financial reports are prepared in Poland in Polish PLN. Because of that, all the assets and payables of an entity, which are denominated in foreign currencies (both international and national), must be recalculated to Polish PLN. On a balance sheet day, this calculation is made according to an effective average exchange rate published for a given currency by the National Bank of Poland (Narodowy Bank Polski – NBP). In the case of clearings, clearings subject to recalculation on a balance sheet day are those which have not been settled.

The obligation of recalculating the values of assets and liabilities results from the Article 30.1.1 of the Accounting Act.

<b>Positive exchange rate differences arise if:</b>	<b>Negative exchange rate differences arise if:</b>
the exchange rate on the day of arising (posting) a receivable is lower than the average exchange rate of the NBP on the balance sheet day	the exchange rate on the day of arising (posting) a receivable is greater than the average exchange rate of the NBP on the balance sheet
the exchange rate on the day of arising (posting) a payable is greater than the average exchange rate of the NBP on the balance sheet	the exchange rate on the day of arising (posting) a payable is lower than the average exchange rate of the NBP on the balance sheet

The regulations relating to balance sheet calculations determine neither the date nor the method of registration of the exchange rate differences fixed at the end of a financial year. In practice, there are three methods of registering those exchange rate differences applied, that is:

- generating a contra entry to the exchange rate differences, fixed at the end of a financial year, on 1st January of the following year
- generating a contra entry to the exchange rate differences, fixed at the end of a financial year, on the day of payment
- registering only paid exchange rate differences fixed between the exchange rate from the balance sheet calculation and the exchange rate from the date of payment

Once selected registration method should be included in the accounting policy and applied continuously.

In connection with the above, it is possible to register unpaid exchange rate differences, calculated on a balance sheet date (so-called statistical exchange rate difference), in the form of a journal entry of an opening balance document and an accounting note (an OB document is used the moment at

which we start working with the system, whereas an accounting note document is used in subsequent accounting periods). When registering an exchange rate difference to an opening balance document and an accounting note, the value is registered on a currency account and most often on financial revenues/costs account only in the system currency (the value in a foreign currency equals to zero). In addition, the beginning balance of a journal entry in the opening balance document can be composed of the values of many documents which can have different currency exchange rates. The user knows the value of such entry in foreign and system currency but does not know the average exchange rate (it results from many exchange rates).

In the documents:

- Opening balance
- Accounting note
- Journal entry

it is possible to choose an exchange rate of *<none>* type for a currency account. Upon selecting this type of exchange rate, the section, in the currency panel, relating to the value of exchange rate is hidden. Thanks to that it is possible any value into the fields with foreign currency and in the system currency. The system does not multiply the value in a foreign currency by an exchange rate in order to obtain a value in the system currency. On a currency account it is also possible to register only the values in the system currency (the value in a foreign currency equals to zero).

The screenshot displays a software interface for configuring an opening balance item. The window title is "Opening Balance Item" and it has tabs for "Amounts", "Payments", and "Attributes".

**Account:** 201-1-1-COMARCH\_EUR

**Amount DR:** 600.00 EUR, 600.00 USD

**Amount CR:** 0.00 EUR, 0.00 USD

Create account

**Customer/Vendor:** Comarch S.A.

**Currencies:**

**Exchange Rate Type:** No

**Date Type:** Any Date

**Date:** 01/01/2021



## Registration of unapplied exchange rate differences on B0 document

In the Polish version of database, from the level of the list *Clearings*, an auxiliary printout *Currency Revaluation*, which presents historical data, i.e., data including the balance on the day specified by the user. It is generated for clearing accounts. It presents the value of uncleared single-sided entries expressed in the currency after they are recalculated by the exchange rate on the day of their entry in the books as well as the value of those single-sided entries recalculated by the exchange rate effective on the balance sheet day, including calculation of positive or negative exchange rate differences. Exchange rate differences should be included in books manually, by the user.

### Note

To make sure that the data presented in the printout is correct, it is necessary to post all currency exchange rate differences which are the result of cleared single-sided entries registered on the account being analyzed.

In order to prepare a correct Currency Revaluation printout, it is necessary to specify the following parameters:

- **Currency** – drop-down list of currencies different than system currency
- **Value in Foreign Currency** – denominator of currency exchange rate in foreign currency
- **Exchange Rate Value in System Currency** – denominator of currency exchange rate in system currency
- **Balance On** – date on which printout is being prepared
- **Show Single-sided Entries** – if option Yes is selected, particular single-sided entries of a given account will be presented in printout along with detailed calculations. Otherwise, only a collective balance for a given account will be presented.
- **Print System Number** – if option Yes is checked, on the

printout, besides the number in the general ledger and the number of the document from the single-sided entry, also the source document number is presented. Otherwise, such number is not presented.

- **Account From/Account To** – parameters for selecting account(s) for which printout is being prepared. Accounts which will be presented in the printout from among the selected accounts will only be those whose currency is the same as the currency selected in the printout parameter: Values of those parameters can be empty – if this is the case, all accounts associated with the currency selected in the parameter: Currency will be included in the printout.

#### Example

Single-sided entry of 8/14/2019 relating to a SI amounting to 1000 EUR, posted on account 201-COMARCH-EUR, cleared with a single-sided entry of the payment for that SI – CD amounting to 600 EUR registered on 9/30/2019. The exchange rate difference resulting from clearing of those single-sided entries at different exchange rates was posted with the date of issue, that is with 9/30/2019.

System date: 12/31/2019

Currency revaluation printout – balance on: 8/31/2019

The single-sided entry relating to the SI document will be included in printout as uncleared.

Currency revaluation printout – balance on: 9/30/2019

The single-sided entry relating to the SI document will be included in printout as partially cleared. The amount to be revalued will be the amount remaining to clear: 400 EUR.

The SI document was paid in full on October 22, hence, the related single-sided entry was cleared in full. Exchange rate differences were posted at the document date of issue.

Currency revaluation printout – balance on: 10/31/2019

The single-sided entry relating to SI will not be included in the printout.