Appendix B

Multicurrency in QuickBooks Online
Many businesses in Canada buy and sell products and services outside of Canada. Often this requires working in multiple currencies.

Lesson Objectives

In this chapter, you’ll learn how to:

- Setup Multiple currencies
- Create multicurrency transactions
- Create basic multicurrency reports

Multiple Currencies

Many businesses in Canada buy and sell products and services outside of Canada. Often this requires working in multiple currencies. QuickBooks Online Plus lets your clients track multiple currencies.

QuickBooks Multicurrency is ideal for businesses who do the following:

- Buy or sell goods and services outside of Canada.
- Buy or sell in foreign currencies.
- Have accounts in foreign currencies.
- The company is based in Canada and the $CDN is their home currency.

It is not for clients who:

- Have an office in a foreign country.
- Manage payroll in a foreign country.

Details about Multicurrency

- Once you turn multicurrency on in a client file you cannot turn it off.
- You can no longer change your home currency.

The following additional fields and labels are added QuickBooks.

- QuickBooks creates a Currencies list, which you can see when you click Gear > Currencies (under Lists).
- You can choose currencies when you add a customer or supplier.
- A Currency column appears in the Chart of Accounts. Note that once an account has had a transaction posted to it, you can’t change the currency.
The currency appears in the Payment, Deposit, Sales tax, and Balance Due columns on bank and credit account histories.

The currency appears in the Amount column on sales and purchase forms.

QuickBooks reports convert all foreign currency to home currency amounts, and automatically reflect exchange rate changes.

**Exchange Rates**

To keep exchange rates as accurate as possible, QBO downloads the exchange rates every four hours and updates them in QBO. The source is the *Wall Street On Demand service* (exchange rates can be edited if you want to use another source).

**Enable Multicurrency**

1. Click the Gear icon and select *Account and Settings*.
2. Select *Advanced*.
3. Scroll down to Currency and click the pencil icon (Edit).
4. Select the *Multicurrency* checkbox.
5. Select the *I understand I can’t undo Multicurrency* checkbox.
6. Click *Save*.

**NOTE** Until you assign a foreign currency, the default value for all customers, suppliers, and accounts is your company’s home currency.
What QuickBooks does when you Turn Multicurrency On?

1. **Currency List**—QBO adds a currency list that includes many currencies from around the world. If you don’t find the currency needed by your client, it can be added.

   ![Currency List Screenshot](image)

2. **Currency Fields**—Currency Field to Customers and Supplier and to some balance sheet accounts.

   ![Currency Fields Screenshot](image)

   **NOTE** After you create a supplier or customer transaction in a foreign currency, QBO creates an AP or AR account in that foreign currency. This means that you do not need to create those accounts in multiple currencies.
3. **Transactions Fields**—New fields are added to transactions to display the customer or supplier currency.

![Invoice no.1011](image)

4. **Currency Column**—A currency column is added to the Chart of Accounts.

![Chart of Accounts](image)

5. **Assigns Currency**—After you enable multicurrency, all existing accounts are assigned the Home Currency.

**Additional Setup**

It may be helpful to setup any additional currencies or accounts before creating multicurrency transactions. For example, a client may buy or sell in a currency that is not listed in the currency list. A client may also have a foreign bank account (i.e. USD Chequing).

**Add a Currency**

1. Click the **Gear** icon.
2. Click **Currencies**.
3. Click **New**.
4. Choose the foreign currency.
5. Click **Add**.

![Currencies table]

**NOTE** Click **Edit Currency exchange rate** to update or change an exchange rate.

---

**Add an Account**

1. Go to the **Chart of Accounts**.
2. Click **New**.
3. Choose **Bank**.
4. Choose a **Currency**.

![Account form]

---
Multicurrency Transactions & Workflows

Creating multicurrency transactions is like creating regular transactions. Every transaction includes an exchange rate which can be edited. However, the exchange rate should be current and editing is not required.

Create Invoice to Foreign Customer

1. Create the **Invoice** as per usual.
2. Assume the Sales price/amount are in the foreign currency. QBO will convert the amount to the home currency and display at the bottom of the transaction.
3. Edit the **Exchange rate** if necessary.
4. Determine the **Sales Tax**.
5. Save the transaction.

Receive Payment from Foreign Customer

1. Click the **Create** menu.
2. Click **Receive Payment**.
3. Enter Customer information.
4. Update **Exchange rate** if necessary.

5. **Save** the transaction.

**Deposit Customer Payment**

In this example, you’ll receive $USD and deposit to a $CDN account.

1. Click the **Create** menu.
2. Click Bank **Deposit**.
3. Choose the **Account** to deposit to.
4. Choose the **Currency**.
5. Enter an **Exchange rate**.

**NOTE**  In this example, you’re depositing to $CDN account. QBO requires an exchange rate. This will be the rate that is used to finalize this settlement transactions. In this case an exchange gain or loss is recorded.
6. **Save** the transaction.

To view the journal entry on this transaction, click **More**. Note an entry to **Exchange Gain or Loss** is made for this deposit.

---

**Purchasing and Expenses in Multicurrency**

When you receive bills or from foreign suppliers or record foreign purchases they can be recorded in QuickBooks in a similar way to sales transactions.
Enter Bills

1. Click the Create menu.
2. Select Bill.
3. Enter the Supplier name.
4. Enter the Exchange rate if necessary.
5. Complete the Account and/or Item details.
6. Save the transaction.

Pay Bills

1. Click the Create menu.
2. Click Pay Bills.
3. Choose the payment account. The payment account can be the currency of your choice if you have multiple currency bank accounts.
4. Enter the Exchange rate.
5. Save the transaction (an exchange gain or loss will be recorded on this transaction).

**Multicurrency in QuickBooks Online**

_____

**Reporting on Multicurrency Transactions**

QuickBooks contains several preset reports to help your client report on multicurrency transactions. You can also add multicurrency columns to reports that are in your home currency. The preset reports include the following:

- **Realized Exchange Gains and Losses**
- **Unrealized Exchange Gains and Losses**

**Realized Exchange Gains and Losses**

When you work in multiple currencies, changes in exchange rates can lead to gains and losses. To view how much you’ve gained or lost on multicurrency transactions you can create this report.

**Unrealized Exchange Gains and Losses**

This summary report lists your foreign accounts and calculates the potential gain or loss for each account. Unrealized gains or losses affect only open (unpaid) transactions as of the date you entered when you created the report.

This is the money you would make or lose by either receiving payment for a sale or making payment on a debt using the exchange rate you entered when you created the report.
You would typically run this report at the end of each accounting period, and then record a home currency adjustment to account for the potential gain or loss.

Customizing Reports in Multicurrency

You can add the following fields to select reports in QBO:

- Exchange Rate
- Currency
- Foreign Amount
- Foreign Open

To add the fields to a customer balance report:

1. Go to Reports.
2. Click Manage Accounts Receivable.
3. Click A/R Aging Detail.
4. Click Customize.
5. Add the columns needed from the box shown below.
QuickBooks displays the following report including the Foreign Amount.

```
Green Tree Landscapes

A/P AGING DETAIL
As of April 6, 2017

<table>
<thead>
<tr>
<th>DATE</th>
<th>TRANSACTION TYPE</th>
<th>SUPPLIER</th>
<th>AMOUNT</th>
<th>OPEN BALANCE</th>
<th>EXCHANGE RATE</th>
<th>FOREIGN AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/15/2017</td>
<td>Bill</td>
<td>Hillary El Presidente</td>
<td>26,609.00</td>
<td>26,609.00</td>
<td>1.33045</td>
<td>20,000.00</td>
</tr>
<tr>
<td>04/04/2017</td>
<td>Bill</td>
<td>Hillary El Presidente</td>
<td>13,396.50</td>
<td>13,396.50</td>
<td>1.33965</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Total for 1 - 30 days past due</td>
<td></td>
<td></td>
<td>$40,005.50</td>
<td>$40,005.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$40,005.50</td>
<td>$40,005.50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Thursday, April 6 2017  07:57 PM GMT-05:00
```