



*QUICKBOOKS 2020 STUDENT GUIDE*

---

## **Lesson 14**

### **Multicurrency in QuickBooks**

**intuit.**

**Copyright**

Copyright 2020 Intuit, Inc.  
All rights reserved.

Intuit, Inc.  
5100 Spectrum Way  
Mississauga, ON. L4W 5S2

**Trademarks**

©2020 Intuit Inc. All rights reserved. Intuit, the Intuit logo, Intuit ProLine, Lacerte, ProAdvisor, ProSeries and QuickBooks, among others, are trademarks or registered trademarks of Intuit Inc. in the United States and other countries. Other parties' marks are the property of their respective owners.

**Notice to Readers**

The publications distributed by Intuit, Inc. are intended to assist accounting professionals in their practices by providing current and accurate information. However, no assurance is given that the information is comprehensive in its coverage or that it is suitable in dealing with a client's particular situation. Accordingly, the information provided should not be relied upon as a substitute for independent research. Intuit, Inc. does not render any accounting, legal, or other professional advice nor does it have any responsibility for updating or revising any information presented herein. Intuit, Inc. cannot warrant that the material contained herein will continue to be accurate nor that it is completely free of errors when published. Readers should verify statements before relying on them.

# Table of Contents

**Lesson Objectives ..... 4**

**Set Up Multiple Currencies ..... 5**

**Buying and Selling in Multiple Currencies.....10**

**Review Activities .....14**

## Lesson Objectives

- To set up a QuickBooks company file to use multiple currencies
- Enter transactions using multiple currencies

## Set Up Multiple Currencies

With QuickBooks multicurrency, you can track transactions in more than one currency. Multicurrency affects many accounts and balances in your company file and the preference can't be turned off once it's been turned on.

### QuickBooks and Multicurrency

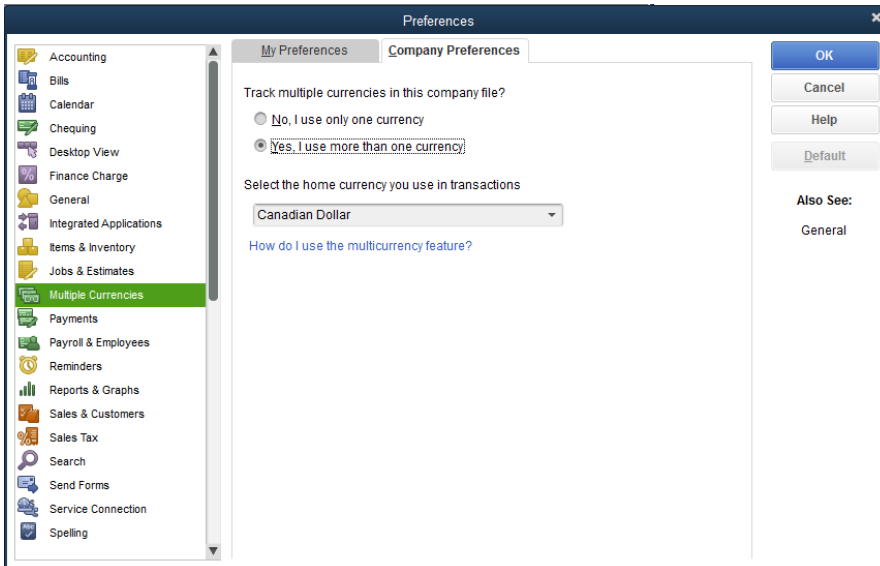
- You can assign a currency to customers, vendors, bank accounts, and accounts receivable/accounts payable accounts. Other account types, like income and expense accounts, always use your home currency.
- Only one currency can be assigned to each name or account; you'll add a new entry for each currency you'll use in transactions.
- The multicurrency menu items are in the Company menu under Manage Currency and the feature can be turned on through preferences.

### 5 Steps to using Multicurrency

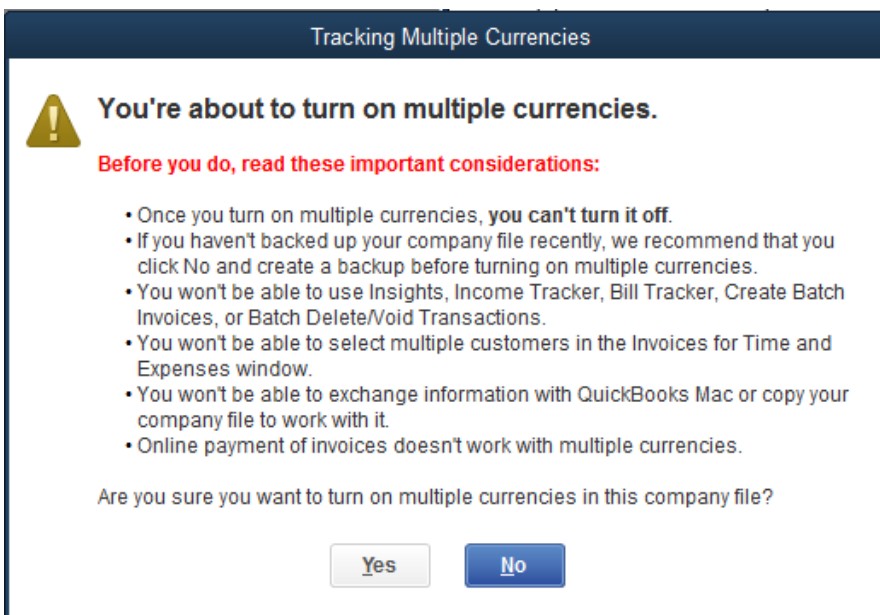
1. Turn on Multicurrency feature - After you turn on the feature, you'll be able to assign a currency to customers, vendors, bank accounts, credit card accounts, and accounts receivable/accounts payable accounts.
2. Add Foreign Customers and Vendors - You can assign one currency for each customer or vendor so you'll create new customers or vendors to use in your foreign transactions.
3. Add Foreign Accounts - You can assign one currency for each account so you'll create new accounts to use for your foreign transactions.
4. Update your Exchange Rates - At any time, you can download the latest exchange rates from within QuickBooks. If you prefer to use your own exchange rates, you can manually enter those as well.
5. Create Foreign Transactions - After you've set up your foreign customers, vendors and accounts, you're ready to create foreign transactions.

## Turn on Multicurrency

1. Go to the **Edit** menu and click **Preferences**.
2. In the left Preferences list, click **Multiple Currencies**.
3. Click the **Company Preferences** tab to display the preferences.
4. Choose your **Home Currency**.



5. After you enable multicurrency, QuickBooks displays the following message to remind you that the feature cannot be turned off. Click **Yes**.



## Add Foreign Customers and Vendors

You can assign one currency for each customer or vendor so you'll create new customers or vendors to use in your foreign transactions.

1. All existing customers and vendors will be assigned your home currency when you turn on the feature. The currency can't be changed for names that already have transactions recorded against them.
2. Continue to use these home currency customers or vendors as you close open balances. You'll use your foreign customers or vendors for any new sales or purchases you create but you'll continue to use the home currency names until you complete any current open transactions.
3. Use the Customer and Vendor Centres to create foreign customers or vendors. If a name is already listed using your home currency, assign a slightly different name to the foreign customer or vendor that you create.

To create a foreign customer:

1. Go to the **Customer Centre**
2. Click **New Customer**
3. Enter the customer information needed by the business.
4. Choose the customer's **Currency**
5. Click **OK** to save the customer

**NOTE:** You are not required to setup the accounts receivable for the foreign currency. QuickBooks automatically sets up the foreign accounts receivable account.

The screenshot shows the 'New Customer' dialog box in QuickBooks. The window title is 'New Customer'. At the top, there is a 'CUSTOMER NAME' field containing 'Trump Plaza' and a 'CURRENCY' dropdown menu set to 'US Dollar'. Below this, there are fields for 'OPENING BALANCE', 'AS OF' (09/14/2016), and a link 'How do I determine the opening balance?'. The main section is divided into several tabs: 'Address Info', 'Payment Settings', 'Sales Tax Settings', 'Additional Info', and 'Job Info'. The 'Address Info' tab is active, showing fields for 'COMPANY NAME' (Trump Plaza), 'FULL NAME' (Mr./Ms./, First, M.I., Last), and 'JOB TITLE'. There are also fields for 'Main Phone', 'Work Phone', 'Mobile', 'Fax', 'Main Email', 'CC Email', 'Website', and 'Other 1'. Below these is the 'ADDRESS DETAILS' section, which includes 'INVOICE/BILL TO' and 'SHIP TO' dropdowns. The 'INVOICE/BILL TO' field contains the address 'Trump Plaza, 1000 Main St, New York City, New York 10000'. There is a 'Copy >>' button next to it. The 'SHIP TO' field is empty, and there is a 'Default shipping address' checkbox checked. At the bottom of the dialog, there is a 'Customer is inactive' checkbox and three buttons: 'OK', 'Cancel', and 'Help'.

## Add Foreign Currency Accounts

You can assign one currency for each account so you'll create new accounts to use for your foreign transactions.

- All existing accounts will be assigned your home currency when you turn on the feature. The currency can't be changed for accounts that already have transactions recorded against them.
- Continue to use the home currency accounts to complete any open balances. Use the foreign accounts you create for transactions after all open balances are closed.
- Currencies can be assigned to the following account types: bank, credit card, accounts receivable and accounts payable.

**Note:** The currency of accounts receivable and accounts payable accounts must match the currency of the customer or vendor used in the transaction. QuickBooks will automatically create a separate account for each currency as you create transactions in those currencies.

- Use the Chart of Accounts to create foreign bank and credit card accounts as needed.

To create a foreign bank account:

1. Go to the **Chart of Accounts**.
2. Click **Account** and then click **New**.
3. Choose **Bank** and then click **Continue**.
4. Choose the account **Currency**.

The screenshot shows the 'Add New Account' window. At the top, the title is 'Add New Account'. Below the title bar, there is a grid icon and a dropdown menu for 'Account Type' set to 'Bank'. The main form area contains the following fields and options:

- Account Name:** 'Chase Bank'
- Subaccount of:** A checkbox and a dropdown menu.
- Currency:** 'US Dollar' (highlighted with a red arrow)
- OPTIONAL:**
  - Description:** A large text area.
  - Bank Acct. No.:** A text field.
  - Tax-Line Mapping:** '<Unassigned>' with a link 'How do I choose the right tax line?'.
  - Enter Opening Balance...:** A button with a link 'Should I enter an opening balance?'.
- Checkbook:** A checkbox 'Remind me to order cheques when I print cheque number' and a checkbox 'Order cheques I can print from QuickBooks.' with a link 'Learn more'.

At the bottom, there are three buttons: 'Save & Close', 'Save & New', and 'Cancel'.

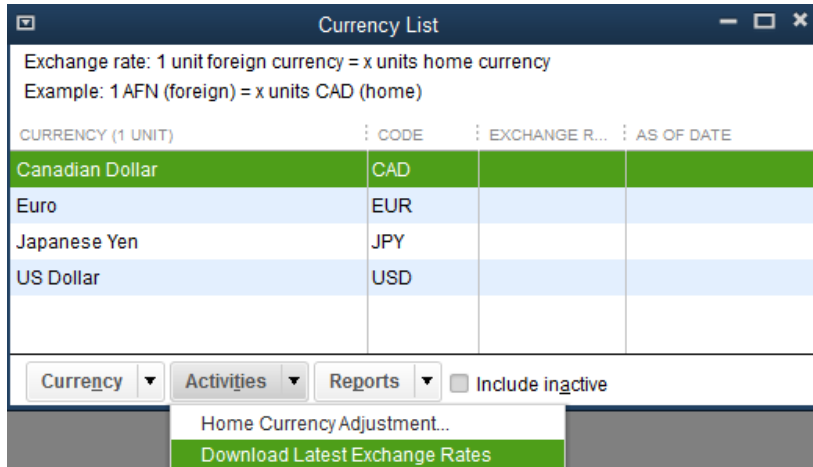


## Update your Exchange Rates

At any time, you can download the latest exchange rates from within QuickBooks. If you prefer to use your own exchange rates, you can manually enter those as well.

Let QuickBooks download the latest rates for you:

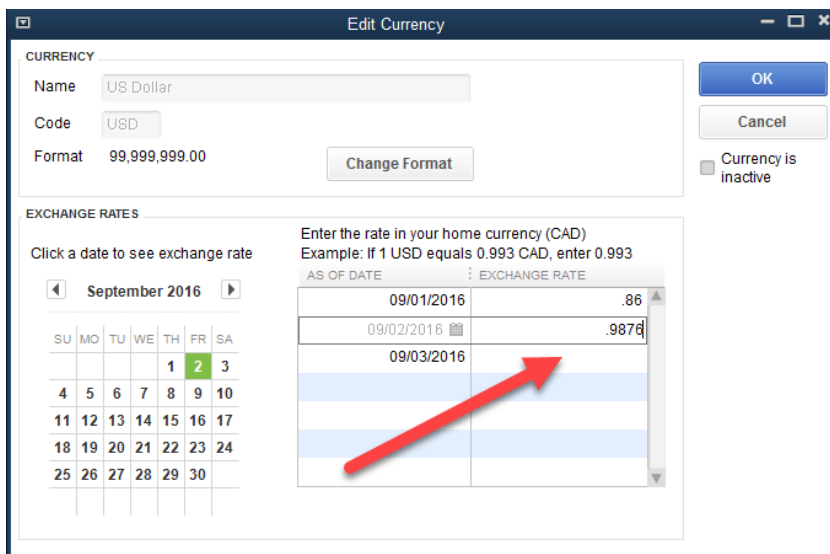
1. Go to the **Lists** menu and then click **Currency List**.
2. Click the **Activities** button at the bottom of the window
3. Click **Download Latest Exchange Rates**.



**Note:** QuickBooks downloads rates only for active default currencies and you can download rates only if your home currency is the Canadian dollar (CAD), US dollar (USD), British pound sterling (GBP), or Euro (EUR).

To edit an exchange rate:

1. From the **Currency List**, double click the currency.
2. Add the date and the exchange rate for the corresponding date.



## Buying and Selling in Multiple Currencies

After you've set up your foreign customers, vendors and accounts, you're ready to create foreign transactions.

A few things to know about foreign transactions in QuickBooks:

- You don't assign a currency to sales and purchase transactions because they are assigned the currency of the customer or vendor you enter on the form.
- Exchange rates are a part of each transaction and determine the home currency value of the transaction.
- Amounts on sales and purchase transactions are in the customer's or vendor's currency and the home currency equivalent is listed for the transaction total.

### To create a sale for a foreign customer:

1. From the **Home Page**, click **Invoice**.
2. Complete the invoice form.
3. QuickBooks uses the exchange rate on file for the date of the invoice. You can override the amount if you choose.

Customer: Trump Plaza, Currency: USD, Account: Accounts Receivable, Template: Intuit Service Invoice

Date: 09/14/2016, Invoice #: 1, Invoice To: Trump Plaza, 1000 Main St., New York City 10000, USA

ITEM	QTY	DESCRIPTION	RATE	CLASS	AMOUNT	TAX
01 Plans and Permits		Plans and Permits	20,000.00		20,000.00	E
01 Plans and Permits:01.3 City License		City License Fee	2,399.00		2,399.00	E
05 Masonry		Masonry	343.00		343.00	E
					17,408.09	

EXCHANGE RATE 1 USD = .76546 CAD

CUSTOMER MESSAGE: [Empty]

MEMO: [Empty] CUSTOMER TAX CODE: E

TOTAL	USD	22,742.00
PAYMENTS APPLIED	USD	0.00
BALANCE DUE	USD	22,742.00
	CAD	17,408.09

Buttons: Save & Close, Save & New, Clear

4. Click **Save & Close**.

## To create an expense for a foreign vendor

1. From the **Home Page**, click **Enter Bills**.
2. Complete the **Bill** form.
3. QuickBooks uses the exchange rate on file for the date of the bill. You can override the amount if you choose.
4. Click **Save & Close**.

Enter Bills - Accounts Payable - USD

Main Reports

Find New Save Delete Create a Copy Memorize Print Attach File Select PO Enter Time Clear Splits Recalculate Pay Bill

Bill Credit A/P ACCOUNT Accounts Payable - USD Bill Received

### Bill

VENDOR: Jonny Appleseed Specialty Woods USD DATE: 08/10/2016

ADDRESS: Jonny Appleseed  
100 Grizzly Lane  
Green Bay, Wisconsin

REF. NO.:  
AMOUNT DUE: USD 25,000.00  
CAD 18,443.20  
BILL DUE: 08/20/2016

TERMS:  
MEMO:

Expenses USD 25,000.00 Items USD 0.00

ACCOUNT	TAX	AMOUNT (USD)	MEMO	CUSTOMER-JOB	BILLABLE?
Cost of Goods Sold	E	25,000.00	Specialty oak lumber		

VENDOR TAX CODE: E USD 0.00 Edit

EXCHANGE RATE 1 USD = .737728 CAD USD 0.00

Save & Close Save & New Clear



## NOTES

## Receive a Customer Payment

1. From the **Home Page**, click **Receive Payment**
2. Choose the customer in the **Received From** field.
3. Enter the **Exchange Rate** if appropriate.
4. Enter the **Payment Amount**.
5. Click **Save**.

Customer Payment

RECEIVED FROM: Trump Plaza    CUSTOMER BALANCE: USD 22,742.00    A/R ACCOUNT: Accounts Receivable...

PAYMENT AMOUNT: USD 22,742.00    DATE: 08/10/2016    EXCHANGE RATE 1 USD = .710008 CAD

PMT. METHOD:    REFERENCE #:    DEPOSIT TO: Chequing

DATE	NUMBER	ORIG. AMT.	AMT. DUE	PAYMENT
09/14/2016	1		22,742.00	22,742.00
Totals USD			22,742.00	22,742.00

AMOUNTS FOR SELECTED INVOICES

AMOUNT DUE	USD	22,742.00
APPLIED	USD	22,742.00
DISCOUNT AND CREDITS APPLIED	USD	0.00
AMOUNT RECEIVED	CAD	16,147.00

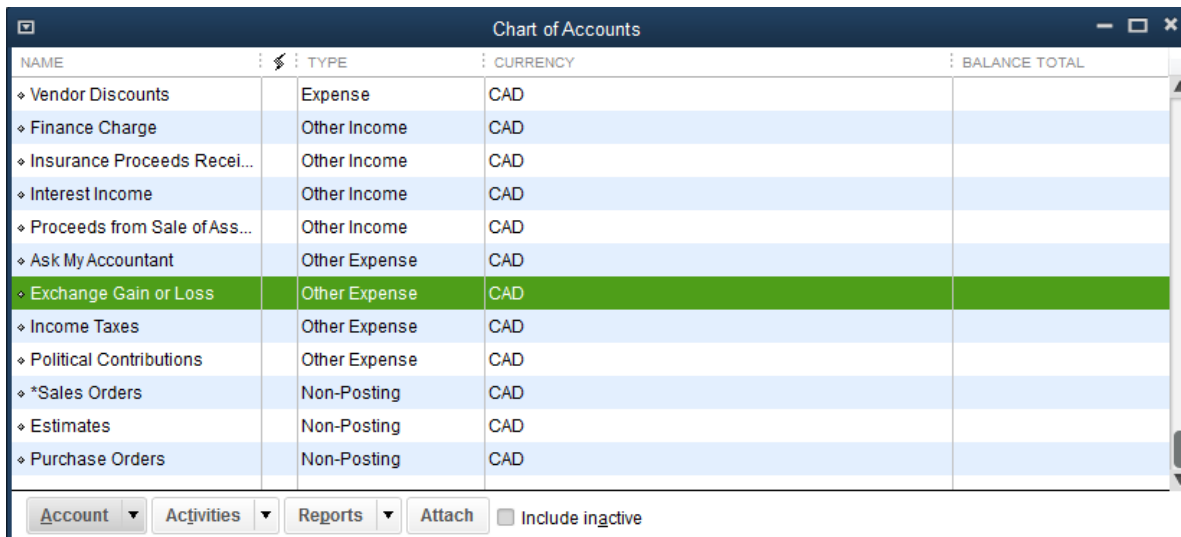
MEMO:     Process credit or debit card when saving    Save & Close    Save & New    Clear

**NOTE:** If the exchange rate on the **Customer Payment** window is different from the original customer invoice, QuickBooks will make an entry to the Exchange Gain Loss account to record the gain or lost for the company.

## Exchange Gain/Loss Account

When you enable QuickBooks Multiple Currencies, QuickBooks automatically creates an **Exchange Gain or Loss** account. The purpose of this account is to record the gains or losses resulting from fluctuating exchange rates. For example, if you create an invoice today at an exchange rate of \$.75 and receive the customer payment in two weeks at an exchange rate of \$.80, QuickBooks will recognize the difference between the exchange rates and record an entry to the account.

View the Exchange Gain or Loss account from the Chart of Accounts.



The screenshot shows the 'Chart of Accounts' window in QuickBooks. The window title is 'Chart of Accounts'. The table below lists various accounts with columns for NAME, TYPE, CURRENCY, and BALANCE TOTAL. The 'Exchange Gain or Loss' account is highlighted in green.

NAME	TYPE	CURRENCY	BALANCE TOTAL
◊ Vendor Discounts	Expense	CAD	
◊ Finance Charge	Other Income	CAD	
◊ Insurance Proceeds Recei...	Other Income	CAD	
◊ Interest Income	Other Income	CAD	
◊ Proceeds from Sale of Ass...	Other Income	CAD	
◊ Ask My Accountant	Other Expense	CAD	
◊ Exchange Gain or Loss	Other Expense	CAD	
◊ Income Taxes	Other Expense	CAD	
◊ Political Contributions	Other Expense	CAD	
◊ *Sales Orders	Non-Posting	CAD	
◊ Estimates	Non-Posting	CAD	
◊ Purchase Orders	Non-Posting	CAD	

At the bottom of the window, there are buttons for 'Account', 'Activities', 'Reports', and 'Attach', along with a checkbox for 'Include inactive'.

Double click the account to view the entries in the account report.

## Review Activities

1. From the **File** menu in QuickBooks, choose **Open or Restore Company**. QuickBooks displays the **Open or Restore Company** window.
2. Select **Restore a backup copy** and click **Next**.
3. Select **Local backup** and click **Next**.
4. In the **Open Backup Copy** window, navigate to the appropriate directory.
5. Select the **qblesson.qbb** file, and then click **Open**.
6. In the **Open or Restore Company** window, click **Next**.
7. Navigate to your directory.
8. In the **File Name** field of the **Save Company File As** window, type **Lesson14** and then click **Save**.
9. Enter the **Password: QBDT2020!**
10. Click **OK** when you see the message that the file has been successfully restored.

### Review Activities

1. Create a new customer with the following information:  
Michael J. Newson  
3403 Raver Croft Drive  
Hampton, TN 37658
2. Download the latest exchange rates.
3. Create an invoice for the customer listed above for \$25,000 of concrete work. Enter the date as the 15<sup>th</sup> of the current month. The exchange rate is \$.7648
4. Receive a customer payment in full for the invoice. Make a deposit directly to the Chequing account. The exchange rate for this transaction is \$.8083.
5. View the Exchange Gain or Loss account to view the entry from the transactions.