QuickBooks Online Student Guide

Appendix B

Multicurrency in QuickBooks Online



Many businesses in Canada buy and sells 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 sells 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 **Company 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.

Settings				? ×
Company	-	Make Single-Time Activity Billable to Customer	On	ν
Sales	Currency	Home Currency	CAD - Canadian Dollar	Ø
Expenses		✓ Multicurrency ⑦	Off	ν
Payments		Multicurrency may be right for you if you have financial transactions in more than one currency. Need help deciding about multicurrency?		
Advanced		Once you turn on Multicurrency: • You can't turn it off • You can't change your home currency • Extra fields, columns and more are added to QuickBooks		
		I understand I can't undo Multicurrency Cancel Save		
	Other preferences	Date format	MM/dd/yyyy	Ø
		Number format	123,456.00	
		Warn if duplicate cheque number is used	On	
		Warn if duplicate bill number is used	Off	
		Sign me out if inactive for	1 hour	
				Done

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.

Your trial ends in 342 days S	ubscribe now		(କୁ ପ୍ର ପ୍ରତି
Green Tree Lar	ndscapes		
Settings	Lists	Tools	Your Company
Company Settings	All Lists	Import Data	Your Account
Custom Form Styles	Products and Services	Import Desktop Data	Manage Users
Chart of Accounts	Recurring Transactions	Reconcile	Feedback
Payroll Settings	Attachments	Budgeting	Privacy
QuickBooks Labs	Currencies	Audit Log	🖨 Sign Out

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

itle F	irst name	Middle name	Last name	Suffix	Email			
						iple emails with c	ommas	
ompan	y				Phone	Mobile		Fax
The Whi	te House							
Display	name as				Other	Website		
The Whi	te House			•				
rint on o	cheque as 🗸	Use display nar	me		Is sub-cust	omer		
The White House					Enter parent o	ustomer 💌	Bill with p	arent 🔻
Address	Notes	Tax info Payme	ent and billing	Attachment				
			ent and billing		s Ferms			
	ed payment					200		
Enter 7		•			Enter Text	•		
Preferre	ed delivery n	nethod		. í	This customer pa			
None	•				USD United State	es Dollar	•	

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.

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3. Transactions Fields—New fields are added to transactions to display the customer or supplier currency.

The White House	▼ Email (Separate emails w	ith a comma)
	Send later	Cc/Bo

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

C	Chart of Accounts	Reconcile			
Cł	art of Account	ts			
< All	Lists				
	Filter by name				
	NAME Chequing		TYPE 🔺	DETAIL TYPE	CURRENCY
			Bank	Cash on hand	CAD
	WFB Chequing		🐟 Bank	🐟 Chequing	CAD
	Accounts Receivable (A	4/R)	Accounts receiva	Accounts Receiv.	CAD
	Accounts Receivable (A	4/R) - USD	Accounts receiva	Accounts Receiv.	USD

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.

All lists Currencies			Add currency
Home currency: CAD - Canadian Dollar	CAD	LAST UPDATED	ACTION
USD - United States Dollar	1.34205	04/06/2017 at 04:03 PM CDT	Edit currency exchange 🔻
EUR - Euro	1.428551	04/06/2017 at 04:03 PM CDT	Edit currency exchange 👻

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.

ategory Type	*Name					
Bank 🔻	USD					
Detail Type	Description					
Cash on hand Chequing Money Market Rents Held in Trust	Currency					
Gavings Trust account	USD United States Dollar 🔹					
Use a Cash on hand account to track cash your company keeps for occasional expenses, also called petty cash.	Is sub-account Enter parent account					
To track cash from sales that have not been	Default Tax Code					
deposited yet, use a pre-created account	Enter Text					
called Undeposited funds, instead.	Balance as of					
	04/06/2017					
	1 USD 🔜 = 1.34205 CAD 🛀					

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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.

9 Invoice no.1011										\$\$\$ (?	X
The White House	Email (Separate ema Send later	ails with a comma)		ent Options Get set up Credit card 🛛 visa 😂 😋					\$1,4	175.	
Billing address	Terms	Invoice date	D	Due date				Inv	oice no.		
The White House 4000 Penn St.	Net 30	04/06/2017		05/06/2017				1	011		
Washington NY	Ship via	Shipping date	т	racking no.				Cla	155		
Shipping address											•
4000 Penn St. Washington NY								Amou	ints are Exc	lusive of Tax	•
# SERVICE DATE F	PRODUCT/SERVICE	SKU	DESCRIPTION			ΩΤΥ	RATE	AMOUNT (USD)	SALES TAX		
8 1 L	awn & Garden Equipment:WI.	389202	.5 Cubic Yard W	Vheelbarrow		20	73.7677434	1,475.35	Exempt		Ē
											Ô
Add lines Clear all lines	Add subtotal		2				5	-	Subtotal	1,47	5.35
Message displayed on invoice							Discou	nt percent 🔻			0.00
Cancel Revert			Print or Preview	Make recurring	Customize More				Save	ave and clo	se 🔻

Receive Payment from Foreign Customer

- 1. Click the Create menu.
- 2. Click Receive Payment.
- 3. Enter Customer information.

4. Update Exchange rate if necessary.

Receive Payment				? ×
The White House			\$1,	475.35
1 USD = 1.40 CAD [*]				
Payment date 04/06/2017				
Payment method Reference no. Deposit to				Amount received
Cheque Undeposited Funds				1,475.35
Outstanding Transactions				
Find Invoice No. Filter - All				
JESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
✓ Invoice # 1011 (04/06/2017)	05/06/2017	1,475.35	1,475.35	1,475.35
			< First Previous 1-1	of 1 Next Last >
			Total (USD)	1,475.35
			Total (CAD)	2,065.49
			Amount to Apply Amount to Credit	\$1,475.35 \$0.00
Cancel Clear Print				Save and new 👻

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.

D		osit •	Balance \$-150,246.20	Date 0.	4/06/2017					\$ 1	[?] 475.3	мои
										ΨΤ,	, 170.0	
rency		States Dollar 🔻 1 USD	= 1.42 CA									
SD Un	ited \$	States Dollar 🔻 1 USD	= 1.42 CA									
مام	ct F	Existing Payments										
Jeie		LAISting Tayments										
✓	REC	CEIVED FROM		DATE	TYPE	PAYMENT METHOD	MEMO			REF NO.	AMOL	JNT
 Image: A start of the start of	The	e White House		04/06/2017	Payment	Cheque 🔻					1475	.35
1-1 of	1										« « 1	> >>
Sele	ect all	I Clear all								Total	1475.	
									Selected	Payments Total	1475.	.35
Add	Ne	ew Deposits								Amounts are	Exclusive of Tax	•
		RECEIVED FROM	ACCOUNT	DESCRI	PTION	PAYMENT METHOD	REF NO.	AMOUNT (USD)	SALES TAX	CLASS		
	1											
	1											Ô
	2											Ô

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

		Green Tre	ee Landscapes			
			OURNAL All Dates			
DATE	TRANSACTION TYPE	NAME	MEMO/DESCRIPTION	ACCOUNT	DEBIT	CREDI
04/06/2017	Deposit	The White House		Chequing	\$2,095.00	
				Undeposited Funds		\$2,065.49
			Exchange Gain Or L	Exchange Gain or L		\$29.51
					\$2,095.00	\$2,095.00
TOTAL					\$2,095.00	\$2,095.00

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.

😥 Bill							?	
Hillary El Presidente 💌						\$20,0	BALANG	
1 USD 🗺 = 1.33475 CAD 🖬								
Mailing address Ta	ferms	Bill date ▼ 03/01/2017	Due date 03/01/2017				Bill no.	
▼ Account details						Amounts are Exc	lusive of Tax	T
# ACCOUNT	DESCRIPTION			AMOUNT (USD)	SALES TAX	CLASS		
III Commissions and fees	Speech for cor	mpany		20,000.00	Exempt			Ô
iii 2								Ô
Add lines Clear all lines Item details Memo						Subtotal	20,000	0.00
						Total (USD)	20,000	
Cancel			Make recurring			Save	Save and nev	w 🔻

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 is you have multiple currency bank accounts.
- 4. Enter the Exchange rate.

😥 Pay Bills						? X
Payment account USD	Payment alance \$0.00 04/06		cheque no.			TOTAL PAYMENT AMOUNT
Currency USD United States Dollar 🔹 1 Filter 👻 Last 365 Days	USD 💷 = 1.38989 CAD 🜬				1 c	pen bill, 1 overdue 🜗 🔅
PAYEE	REF NO.	DUE DATE 🔺	OPEN BALANCE	CREDIT APPLIED	PAYMENT	TOTAL AMOUNT
✓ Hillary El Presidente		03/01/2017 4	\$20,000.00		20,000.00	\$20,000.00
1 bill selected			\$20,000.00	\$0.00	\$20,000.00	\$20,000.00
		nent (USD) 20,000.00 nent (CAD) 27,797.80			< First Pr	evious 1-1 of 1 Next Last >
					Current acco	unt balance \$0.00 tal payment -\$20,000.00
					New acco	unt balance \$-20,000.00
Cancel						Save and print 👻

5. Save the transaction (an exchange gain or loss will be recorded on this transaction).

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.



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			A/P A	ee Landscap GING DETAIL April 6, 2017	Des		
DATE	TRANSACTION TYPE	SUPPLIER	AMOUNT	OPEN BALANCE	EXCHANGE RATE	FOREIGN OPEN BALANCE	FOREIGN AMOUN
- 1 - 30 days pa	st due	-					
03/15/2017	Bill	Hillary El Presidente	26,609.00	26,609.00	1.33045	20,000.00	20,000.00
04/04/2017	Bill	Hillary El Presidente	13,396.50	13,396.50	1.33965	10,000.00	10,000.00
Total for 1 - 30 days past due			\$40,005.50	\$40,005.50			
			\$40,005.50	\$40,005.50			

QuickBooks displays the following report including the Foreign Amount.