



Finance

**NAVISION XAL®**

Handling multiple currencies and exchange rates are daily tasks for all companies with divisions, partners or customers in foreign countries.

The euro is a special currency situation, since the transitional phase (where the euro replaced the national currencies in countries participating in the European Monetary Union) lasts until 2002. Even after this date, there might be new countries joining, which then will extend the need for effective management of special situations.



## **| Handling currencies**

### **Multi-Currency Handling**

Navision XAL handles multiple currencies in all transactions in all modules.

### **Primary and Secondary Currency**

In the General Ledger, all amount fields have two corresponding currency fields, providing the option of running two parallel currencies. You can buy goods in one currency, and resell it in another currency. The domestic currency can include both a primary and a secondary home currency.

### **Introducing a Secondary Currency**

Introducing a secondary currency (typically the euro) to the ledger can be done at any time, independently of accounting year and periods. When both primary and secondary currencies are updated in all ledger transactions, you can print ledger reports (e.g. balance sheets) in either currency. This makes it a very flexible solution, since you can continue working with the national currency for a while, and still have the option of reporting in euro, and when converting, you will have all ledger amounts in euro – as from the date where you introduced the euro.

### **Exchange Rates**

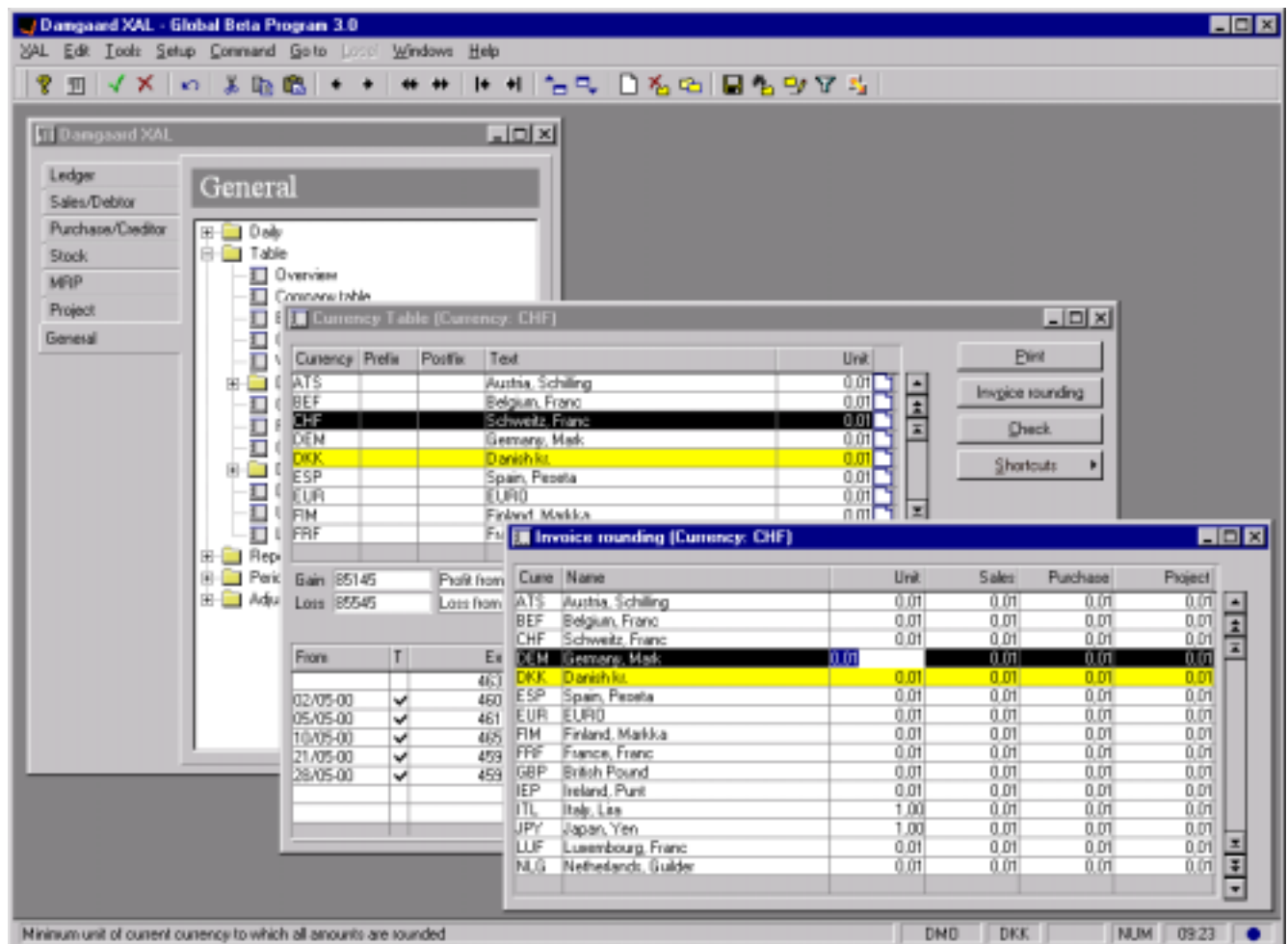
The General Ledger Module can process the exchange rates for any number of currencies, depending on the date. The euro is fully integrated as an additional currency. In the General Ledger Module

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the user can make exchange rate adjustments for foreign currency accounts and therefore ensure that balances, etc., reflect the current exchange rates. Exchange rate differences are processed automatically and can be evaluated for each currency.

## BASDA Accreditation

Navision XAL has been accredited the BASDA certification for accounting systems that handle all legal requirements about the euro currency.



Euro is treated like any other currency in Navision XAL.

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## Converting to Euro as the Company's Primary Currency

Since the euro replaces several national currencies, the implementation of the euro is split into phases, and this process puts heavy demands on a company's ERP system.

There are different paths to choose when converting to euro. The more drastic approach is to open a new account in euro and keep all old data in a different account with the old currency. Alternatively, you can update two currencies in the transitional period – the national currency and the euro – thus enabling viewing amounts in euro until the moment when you choose to convert.

## Euro Conversion

Navision XAL contains a tool for conversion to the euro as the company's domestic currency. The procedure includes re-calculation of transactions in euro, and parameters such as select principle for rounding differences in the secondary currency.

## Presentation Currency

In all screens and reports the currency code will be shown to avoid misunderstandings as to which

currency is displayed. In addition to the primary and secondary currencies, Navision XAL also contains a presentation currency. This is the currency shown in screens, and it can be changed to any currency at any time. Changing presentation currency is done with a hot key.

When changing the presentation currency, all amounts in national currency are multiplied by the currency rate of a date you specify, so that the amounts are presented in the new currency. This feature does not include amount fields with a currency code attached. For example, a sales order which can be entered in any currency as part of the system's multi-currency handling, will not be presented in the presentation currency, but in the currency originally entered – also if that is the national currency. Currency codes are mainly attached to fields in a sales order, purchase order and in inventory.

## Triangulation

Triangulation is a legal requirement, and it means that when converting from one currency to another (where at least one of the currencies is a member of the EMU), companies must convert to the euro in between.

## Balancing Ledger

As long as Navision XAL works with two currencies (national currency being the primary and euro being the secondary currency), all transactions will be posted in the national currency, and the system then makes the conversion automatically.

(1 euro is 13.5485 ATS)		
	Euro	ATS
Item A	7,380.89	100,000.00
Item A	7,380.89	100,000.00
Item A	7,380.89	100,000.00
Item A	<u>7,380.89</u>	<u>100,000.00</u>
Total	<u>29,523.56</u>	<u>400,000.00</u>

In some cases, rounding problems can occur. For example, when individual transaction lines are accumulated.

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You can define how to post the rounding difference, either in a separate ledger transaction, or in one of the existing transactions.

## Liquidity in All Currencies

Liquidity overviews on the basis of open transactions and orders, vendor invoices, customer invoices, project entries and budgets for cash accounts can be calculated and displayed in local currency. The user can see the foreign exchange requirement and foreign exchange risk over time.

### Features - Summary

- Simultaneous updating of both national currency and euro as primary and secondary currency
- Financial reports can be printed in either primary or secondary currency
- Date for converting to euro is chosen by the company
- Currency code shown with all amounts throughout the system
- Presentation currency gives you the option of viewing all amounts in any currency at any time – primary currency, secondary currency or a third currency
- Triangulation as legally required
- Multi-currency handling (e.g. a sales order can be registered with amount in original currency, national currency and euro)

- Balancing in ledger to handle rounding errors that inevitably will occur when updating two currencies
- Conversion to euro

## Navision XAL – An Integrated Business

### Solution

All modules of Navision XAL are tightly integrated, and work together to form the heartbeat of your company.

The currency module serves as the basis for working with more than one (i.e. the company's domestic) currency in sales and purchase as well as debtor and creditors and is therefore closely connected to these as well as to general ledger.

For more information on Navision XAL integrated business solution, please also see the other brochures.

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