

FX 101 – WHAT YOU NEED TO KNOW FOR NETSUITE FOREIGN CURRENCY

Peggy Evleth, MBA

- Manager, RSM NetSuite Practice
- Board Member, Rocky Mountain NetSuite User Group
- Based in Denver, CO
- NetSuite functional consultant and solution architect with an accounting background focused on international currency accounting and consolidations.



The Basics - Terminology

- What is Functional Currency and why does it matter?
 - When the Functional Currency is the same as the local currency
 - When the Functional Currency isn't the same as the local currency
 - Are local currency reports needed? If so, Multibook is needed.
 - Graydon Smith's Functional Currency Blog Post
 - <https://technologyblog.rsmus.com/netsuite/netsuite-subsiidiary-functional-currency-cmpidblogtmc-netsuite-cloud-erp-1219d01/>
- What are the types of exchange differences
 - Realized Gain or Loss
 - When a monetary transaction has been completed in a currency that is not the functional currency. Prime examples are AP and AR invoices that have been paid
 - Unrealized Gain or Loss
 - When there is an outstanding balance in a monetary asset or liability account that is not the functional currency and it is revalued at month end
 - Cumulative Translation Adjustment (CTA)
 - When subsidiaries are consolidated into a currency that is not their functional currency.

NetSuite Features for Handling FX

- Set Ups
 - Currency
 - Auto Update
 - Enable Features>General>International
 - Select provider under Accounting Preferences
 - Accounts – General Rate Type
 - Revalue Open Balance for Foreign Currency Transactions
 - Should only be selected for monetary accounts. When in doubt, check with your auditors.
 - Consolidated Exchange Rates

NetSuite Features for Handling FX

- FX transactions that create Realized Gains/Losses
 - Currency Exchange Rates
 - Transaction date

NetSuite Features for Handling FX

- FX transactions that create Unrealized Gains/Losses
 - FX Month End Revaluation

NetSuite Features for Handling FX

- Reporting Items
 - CTA
 - CTA-E
 - The CTA Balance Audit Report