



QUICKBOOKS 2016 STUDENT GUIDE

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## Lesson 16

### Working with Multiple Currencies

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## Lesson Objectives

- To set up a QuickBooks company file to use multiple currencies
- To perform a transaction using multiple currencies

## Setting Up Multiple Currencies

To use multiple currencies in QuickBooks, you select the multicurrency preference and load exchange rates either manually or automatically. *It is important to keep in mind that once you choose to use Multiple Currencies, you cannot go back; existing Customers and Vendors who have transactions linked to them can only be home currency. Only new customers and vendors will have the option to choose a foreign currency. Therefore, it is very important to back up your QuickBooks data before turning on Multiple Currencies.*



### To use multiple currencies in QuickBooks:

1. Make sure you are signed in to the QuickBooks company as the Admin user. (If other users have been set up on other computers to access the company in multi-user mode, ensure that they are not signed in and that you are in single-user mode.)
2. Go to the **Edit** menu and choose **Preferences**.
3. Click **Multiple Currencies** on the left side of the Preferences window.
4. Click the **Company Preferences** tab.
5. Click **Yes, I use more than one currency**.
6. Click **Yes** in the message informing you that you cannot turn this preference off.
7. Leave **US Dollar** selected for your home currency, then click **OK**.

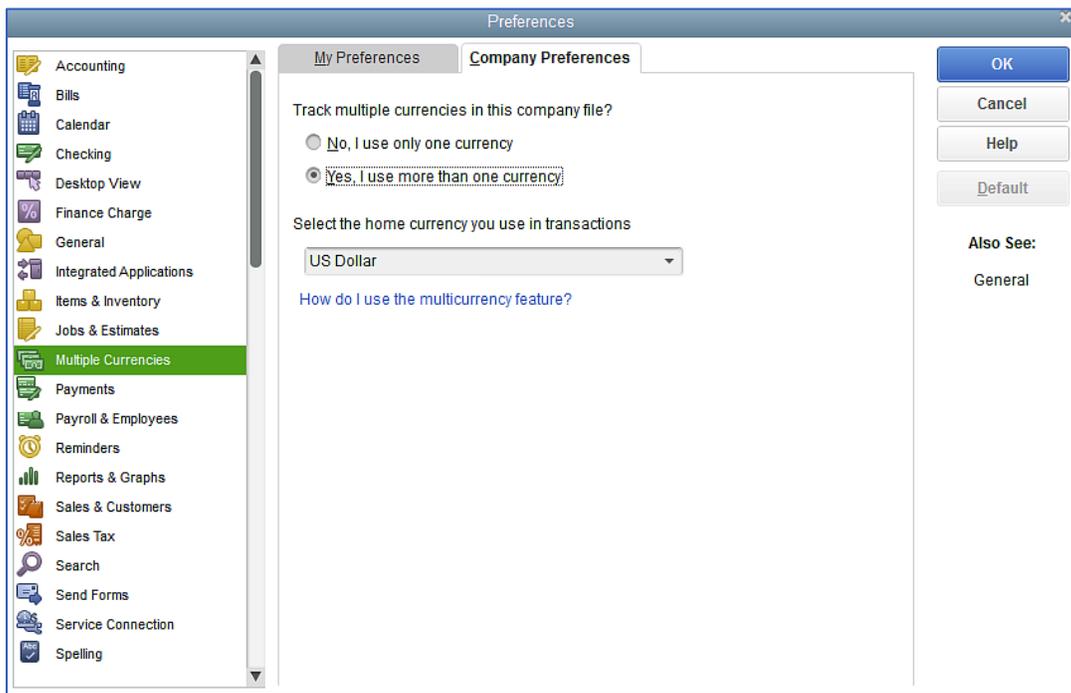
In most cases, the home currency is the US dollar (USD). Your home currency is the currency of the country where your business is physically located.

If you choose to set a home currency other than the US dollar, Intuit services such as payroll and online banking will not be available as these services are available only in US dollars.

After Multiple Currencies are turned on, you can assign a foreign currency to any new names that are:

- Bank Accounts
- Credit Card Accounts
- Accounts Receivable Accounts
- Accounts Payable Accounts
- Customers
- Vendors
- Price Levels

Some QuickBooks information — such as income and expense accounts — always uses your home currency.



8. Click **OK** when you are notified the company file will close and be reopened.
9. From the **Company** menu, click **Manage Currency** then choose **Currency List**.
10. Click to *uncheck* the box next to **Include inactive** at the bottom of the window.
11. Click the **Activities** menu button and select **Download Latest Exchange Rates**.

The screenshot shows the 'Currency List' window. At the top, it states: 'Exchange rate: 1 unit foreign currency = x units home currency' and 'Example: 1 JPY (foreign) = 0.008405 USD (home)'. Below this is a table with the following data:

| CURRENCY (1 UNIT) | CODE | EXCHAN... | AS OF D... |
|-------------------|------|-----------|------------|
| Canadian Dollar   | CAD  | .714541   | 12/15/2020 |
| Euro              | EUR  | 1.07455   | 12/15/2020 |
| Japanese Yen      | JPY  | .008405   | 12/15/2020 |
| US Dollar         | USD  |           |            |

At the bottom of the window, there are three dropdown menus: 'Currency', 'Activities', and 'Reports', followed by an unchecked checkbox labeled 'Include inactive'.

12. Click **OK** when notified that the exchange rates were updated successfully.

You can also enter exchange rates manually if you wish to enter your own rates or if you wish to enter historical rates. (Download Latest Exchange Rates does not bring in historical rates.) To enter exchange rates manually, right-click on the currency you're interested in updating and choose **Edit Currency**. Enter the date(s) and the exchange rate for each date. Click **OK**.

13. Close the currency list.

**EDIT CURRENCY**

**CURRENCY**

Name: Japanese Yen

Code: JPY

Format: 99,999,999

Change Format

OK

Cancel

Currency is inactive

**EXCHANGE RATES**

Click a date to see exchange rate

December 2020

| SU | MO | TU | WE | TH | FR | SA |
|----|----|----|----|----|----|----|
|    |    | 1  | 2  | 3  | 4  | 5  |
| 6  | 7  | 8  | 9  | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 |    |    |

Enter the rate in your home currency (USD)  
Example: If 1 CAD equals 0.993 USD, enter 0.993

| AS OF DATE | EXCHANGE RATE |
|------------|---------------|
| 12/01/2020 | .8933         |
| 12/02/2020 |               |
| 12/15/2020 | .008405       |
|            |               |
|            |               |
|            |               |



NOTES

## Buying and Selling Items in Multiple Currencies

You can assign one currency to each of your customers and vendors.

If you have an existing customer or vendor with transactions associated with them, you cannot change their currency. You should create a new customer or vendor name instead.



### To create a new vendor and assign a currency to them:

1. Click **Vendor Center** in the icon bar.
2. Click **New Vendor**.
3. In the **Currency** list, select the currency you wish to use for the vendor.
4. Enter the remaining information for the vendor. Your screen should resemble the following figure.

The screenshot shows the 'New Vendor' dialog box with the following details:

- VENDOR NAME:** Maple Leaf Ventures
- OPENING BALANCE:** (empty)
- AS OF:** 12/15/2020
- How do I determine the opening balance?:** (help icon)
- CURRENCY:** Canadian Dollar (highlighted with a red box)
- Address Info:**
  - COMPANY NAME:** Maple Leaf Ventures
  - FULL NAME:** Mr./Ms./J., First, M.I., Last
  - JOB TITLE:** (empty)
  - Main Phone:** 416-555-1221
  - Main Email:** (empty)
  - Work Phone:** (empty)
  - CC Email:** (empty)
  - Mobile:** (empty)
  - Website:** (empty)
  - Fax:** (empty)
  - Other 1:** (empty)
- ADDRESS DETAILS:**
  - BILLED FROM:** Maple Leaf Ventures, 1234 Canada Way, Toronto, ON M6C 1T1, Canada
  - SHIPPED FROM:** Maple Leaf Ventures, 1234 Canada Way, Toronto, ON M6C 1T1, Canada
  - Copy >>** button between address boxes
- Vendor is inactive:** (checkbox)
- Buttons:** OK, Cancel, Help

5. Click **OK**.
6. In the **Vendor Center**, notice the currency code (CAD in this case) is listed next to the vendor.
7. Close the Vendor Center.

# Creating a Purchase Order in a Foreign Currency



## To create a purchase order:

1. On the Home page, click **Purchase Orders**.
2. Choose the appropriate vendor from the drop-down list.
3. Enter the items you wish to add to the purchase order.

Notice the value of the purchase order appears in both the foreign currency (CAD in this case) and the home currency (USD in this case).

| ITEM                       | DESCRIPTION                | QTY   | RATE | CUSTOMER         | CLASS | AMOUNT |
|----------------------------|----------------------------|-------|------|------------------|-------|--------|
| Irrigation Hose: 1/2" Line | 1/2" Vinyl Irrigation Line | 1,000 | 0.17 | Andres, Cristina |       | 170.00 |

EXCHANGE RATE 1 CAD = 0.714541 USD

|           |        |
|-----------|--------|
| USD       | 121.47 |
| TOTAL CAD | 170.00 |

Buttons: Save & Close, Save & New, Clear

4. Click **Save & Close**.



## NOTES

## Receiving Inventory and Entering a Bill from a Foreign Vendor



### To receive inventory and enter a bill:

1. On the **Home** page, click **Receive Inventory** then select **Receive Inventory with Bill**.
2. On the **Enter Bills** screen, choose the appropriate vendor name.
3. Click **Yes** when asked if you want to receive against an open purchase order (or click **Select PO** if you accidentally choose **No** from the pop-up).
4. Choose the PO against which you wish to receive and click **OK**.
5. Review the Enter Bills window. Notice the bill is in the foreign currency and is affecting the foreign Accounts Payable account (created automatically by QuickBooks).

The screenshot shows the 'Enter Bills - Accounts Payable - CAD' window. The 'Bill' section is highlighted with a red box, showing the vendor 'Maple Leaf Ventures' and the account 'Accounts Payable - CAD'. The bill details include: Vendor: Maple Leaf Ventures, DATE: 12/15/2020, REF. NO.: 1234, AMOUNT DUE: CAD 170.00, USD 121.47, and BILL DUE: 12/15/2020. The bill memo is 'Hoses!'. The 'Expenses' section shows a table with one item: '1/2\"

| ITEM                       | DESCRIPTION                | QTY   | COST | AMOUNT (C.) | CUSTOMER-JOB     | BILL LABEL                          | CLASS | PO NO. |
|----------------------------|----------------------------|-------|------|-------------|------------------|-------------------------------------|-------|--------|
| Irrigation Hose: 1/2" Line | 1/2" Vinyl Irrigation Line | 1,000 | 0.17 | 170.00      | Andres, Cristina | <input checked="" type="checkbox"/> |       | 12     |

The 'RECENT TRANSACTION' section shows a bill for 12/15/20 Bill with an amount of 121.47. The 'NOTES' section is currently loading.

6. Add a bill number, terms and a memo as necessary.
7. Click **Save & Close**. If you added a term, you will be asked to confirm that you wish to associate this vendor with this term. Click **Yes**.



### NOTES

## Creating an Invoice for a Multicurrency Transaction

Creating an invoice for a customer that includes an item from a foreign vendor is the same as creating a standard invoice. When you create an invoice for your customer, all information appears in the currency that you have assigned to them.



### To create an invoice for a billable item from a foreign vendor:

1. Click **Create Invoices**.
2. Select the appropriate customer/job from the drop-down.
3. From the **Billable Time/Costs** window that appears, choose **Select the outstanding billable time and costs to add to this invoice?** or, if you've dismissed this window, select **Add Time/Costs**, then check off the corresponding billable expenses you wish to add.
4. Click **OK**. Notice the invoice displays in the currency assigned to the customer, not the currency assigned to the vendor.

The screenshot shows the 'Create Invoices' window in QuickBooks. The main area displays an invoice for 'Cristina Andres' with a date of 12/15/2020 and invoice number 142. The bill-to address is 4242 Cypress Hill Rd, Bayshore CA 94326. The shipping method is UPS. The invoice includes a table with one line item: 1,000 units of '1/2\"

| QUANTITY | ITEM CODE             | DESCRIPTION                 | PRICE EA... | CLASS | AMOUNT | TAX |
|----------|-----------------------|-----------------------------|-------------|-------|--------|-----|
| 1,000    | Irrigation Hose:1/2\" | 1/2\" Vinyl Irrigation Line | 0.15        |       | 150.00 | Tax |

At the bottom, the summary shows a balance due of 161.63 USD, including a 7.75% tax of 11.63. The right sidebar shows customer details for Cristina Andres, including phone, email, and a summary of transactions.

5. Click **Save & Close**.



### NOTES

## Working with Multiple Currencies — Review Questions

1. List five QuickBooks elements to which you can assign a foreign currency:
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_
  - c. \_\_\_\_\_
  - d. \_\_\_\_\_
  - e. \_\_\_\_\_
2. True or false: You should back up your company file before you enable the multicurrency preference.
  - a. True
  - b. False
3. If you have an existing customer or vendor with transactions associated with them and want to assign them a different currency, you should:
  - a. Change the currency to update any historical transactions to the new currency.
  - b. Create a new customer or vendor name.

## Review Activities

1. Create a new customer with the following information:
  - Name: Alexander Thomas
  - Address: 101 Main Street, Spruce Grove, Alberta, Canada
  - Currency: Canadian Dollars
2. Make sure you have the latest exchange rate information.
3. Create an estimate for 30 hours of removal labor.
4. Create a progress invoice for half of the removal labor from the estimate.

## Answers to Review Questions

1. List five QuickBooks elements to which you can assign a foreign currency:
  - a. ✓ Customers
  - b. ✓ Vendors
  - c. ✓ Price levels
  - d. ✓ Bank accounts
  - e. ✓ Credit card accounts
  - f. ✓ Accounts receivable accounts
  - g. ✓ Accounts payable accounts
2. True or false: You should back up your company file before you enable the multicurrency preference.
  - a. ✓ True
  - b. False
3. If you have an existing customer or vendor with transactions associated with them and want to assign them a different currency, you should:
  - a. Change the currency to update any historical transactions to the new currency
  - b. ✓ Create a new customer or vendor name