Foreign Currency Valuation

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Use

If your company manages amounts in foreign currencies, you have to perform a foreign currency valuation in order to create your financial statements. Foreign currency valuation covers the following accounts and items:

- Foreign currency balance sheet accounts, that is, the G/L accounts that you manage in foreign currency.

  The **balances** of the G/L accounts that are **not** managed on an open item basis are valuated in foreign currency.

- Open items that were posted in foreign currency.

  Open items that are open on the key date are valuated in foreign currency.

In foreign currency valuation, you have the following options:

- You can perform the valuation in the company code currency or a parallel currency (for example, the group currency).

- You can also use different valuation methods (for example, lowest value principle).

- If you translate an additional currency from the company code currency, foreign currency valuation automatically performs a currency translation in accordance with the set of books assigned (such as US GAAP or IFRS).

  > ⚠️Caution
  >
  > You can only perform a valuation run once for each valuation area for a specific key date.

Prerequisites

- You have defined exchange rates.

  You find the configuration steps for exchange rates in the **Manage Your Solution** app under **Configure Your Solution**. From there, choose Finance General Settings Currencies .

You have made the required configuration settings for foreign currency valuation. You find the configuration steps in the **Manage Your Solution** app under **Configure Your Solution**. Here, choose Finance General Ledger Ledgers and Valuation .

- **Define Valuation Method**

  You have defined a valuation method here.

- **Define Valuation Area**

  Here, you have defined a valuation area and assigned a valuation method to it.

- **Assign Valuation Area to Accounting Principles**

  You have assigned to the valuation area an accounting principle that is also assigned to a ledger group.

  The exchange rate differences from the parallel valuation are posted in this valuation area. If you perform parallel valuation with a different valuation method to the first valuation, you do **not** have to reverse the postings of the first valuation. This information is then available for subsequent closing operations, such as for transferring and sorting receivables and payables.

Key Features

Foreign currency valuation comprises the following functions:

- [Valuation of Foreign Currency Balance Sheet Accounts](#)

- [Valuation of Open Items in Foreign Currencies](#)

- Saving the exchange rate differences determined from the valuation per document

- Posting account assignments in valuation documents:

    - If you use [Document Splitting](#), the valuation documents are posted with the account assignments that you have defined as document splitting characteristics in Customizing.

- Performing the required adjustment postings

Activities

For foreign currency valuation, use **Foreign Currency Valuation**.

For more information about the individual functions and their usage, choose **More** **Help** **Product Assistance** from within the app.