

▶ **Financial Closing-
Conversion Variance -
Bank**

Sage X3 V12 Help Sheet



Conversion Variance –Bank Account

Another area to consider for conversion variance is the bank account. These are realised gains and losses and as the revaluation is final it doesn't need to be reversed in the next period.

The process is very similar to that of debtor and creditor revaluation, but here the calculation is at account balance level rather than transaction detail level.

Bank Account Revaluation	Profit and Loss					
Revaluation Type pre V11	By Account Balance					
Revaluation Type V11	By Account Balance					
Account Code	EUR	December Rate	December GBP	Month End Rate	Month End GBP Value	Exchange Difference
201010 EURO	100.00	0.862070	86.21			
201010 EURO	1000.00	0.888890	888.89			
Totals	1100.00	0.862070	975.10	0.800000	880.00	-95.10 Loss

The sheet above shows how the calculation is made, you can see two transactions into the EUR account for 1100.00 EUR. The amount in GBP at the time the transactions took place was GBP 975.10 but we can see that both transactions took place at different exchange rates.

When the conversion variance function is run the total balance in EUR 1100.00 is multiplied by the new month end rate of 0.8000 to give a new month end balance in GBP of 880.00. The amount already posted to the ledger of £975.10 is subtracted from the new month end value of £880.00 thus giving a £95.10 Loss.

- To run the revaluation, navigate to Financials>Closing Processes>Conversion Variance.
- On version 9 and below the Variance type should be "Profit and Loss", on V11 and above the Assessment method should be "By account Balance" as shown below.

- Leave the company groups blank and select the ledger you wish to run the revaluation for. Remember you will need to run it once for each ledger.
- Enter the company and site, but this time leave the all collective box unchecked.
- In the 'Start date' enter the first day of the current financial year and in the 'End date' enter the period end date.
- Using the 'Account from' and 'Account to' fields select the range of bank accounts you would like to revalue.
- Use the 'Rate type' and the 'Rate date' to determine the exchange rate that will be used in the calculation.
- The generation of the log file and also the simulation and actual journal generation is the same as that for the Debtor/Creditor revaluation. The only difference is that as this is for a bank account the reversal date is not required and must be blanked out.

The screenshot shows the Sage X3 interface for the Conversion Variance Bank revaluation. The form is organized into several sections:

- Header:** Includes fields for Assessment method (By account balance), Company Groups, Ledger (Legal), Plan code (BRI), and Pivot currency.
- Company:** A table with columns for Company, Company Name, and Reference currency. Two entries are visible: 1 (GB10, GB Discrete, GBP) and 2.
- Criteria:**
 - Site: All sites checked.
 - Account from: 201030, Account to: 201500.
 - Start date: 01/01/23, End date: 31/03/23.
 - Rate Type: Daily rate, Rate date: 31/03/23.
- Generation:**
 - Generate Entries and Log file are checked.
 - Generation Type: Actual (selected), Active Simulation, Inactive Simulation.
 - Entry Type: GEN01, Journal Date: 31/03/23, Journal: GL1.
 - Reversing date: (highlighted in yellow, currently blank).
- Distribution Status:** Temporary (selected), Final.

- Once all the selections have been checked click ok. The log file produced will show you the details of the calculation.


```

21/03/23 10:16:53 (ADMIN) Conversion Variances
: Journal type           : GEN01
: Journal               : GL1
: Accounting date       : 31/03/23
: Reversal date         :
: -----
: Company GE10 Site GE011
: -----
: -----
: Account ! BP ! ! Rate ! !
: Type ! Transaction bal. ! Ledger bal. ! Led. ! Revalued balance Variance (+/!
: -----
: 201100 !
: Legal ! GBP D 1815.74 !
: Analytical ! ! USD D 2362.82 ! 1.07265 ! D 1947.65 -415.17 !
: -----
: Document creation GEN01 GL2303GE011000007
: -----
: TOTAL ! Legal ! D 1815.74 ! ! D 1815.74 0 !
: ! Analytical ! D 2362.82 ! ! D 1947.65 -415.17 !
: -----
: Company GE10 Site GE012
: -----
  
```

Here you can see the original USD amount with the original GBP value, the new rate and value in GBP and the variance. The journal number is also provided and can be viewed in Financials>Journal entry. Note: - there is no reversing entry.

The journal shows nothing for the GBP value as shown below

Reference

Reference: Simulation Reference:

Reversing

Reversing*: Reversing date: Source Type: Original number:

Lines

	Site	Collective	General	BP	Debit	Credit	Distribution	Description	Fre...	Tax	Cnt Gen...
1	GB011	Q	Q	201100	Q	Q		Conversion variances			
2	GB011	Q	Q	805200	Q	Q		Conversion variances		GB001	
3		Q	Q		Q	Q					

Totals

Total Debit: Total Credit:

► But when selecting the currency button from the righthand side it will show you the revaluation of the USD amount.

Reference

Reference: Simulation Reference:

Reversing

Reversing*: Reversing date: Source Type: Original number:

Lines

	Site	Collective	General	BP	Debit	Credit	Distribution	Description	Fre...	Tax	Cnt G
1	GB011	Q	Q	201100	Q	415.17		Conversion variances			
2	GB011	Q	Q	805200	Q	415.17		Conversion variances		GB001	
3		Q	Q		Q						

Totals

Total Debit: USD Total Credit: USD

Account

Once the conversion variance has been run for all the ledgers and all of the bank accounts, the revaluation is now finished.