

▶ **Financial Closing-  
Conversion Variance  
Debtors/Creditors**  
Sage X3Help Sheet V12



**Conversion Variance –Debtor/Creditor**

We will start by looking at the debtor/creditor revaluations. These are unrealised gains and losses as the actual exchange difference will be calculated and posted automatically by X3 when the transaction is matched.

The conversion variance posting is to give a provision for the gain or loss at the exchange rate in the current period only. A reversing journal will be created on the first day of the next period to reverse out the posting. This will require the next period to be open in X3.

A	B	C	D	E	F	G	H
<b>Debtor/Creditor Collective Revaluations</b>							
Document Number	USD	February Rate	February GBP	Month End Rate	Month end GBP	Exchange Difference	
SIN1903GB011108	100.00	0.6667	66.67	0.625	62.50	-4.17	

To understand the postings generated I have entered an invoice for USD 100 using the exchange rate of 0.6667 giving a GBP value of £66.67. The new month end rate is 0.625 giving a month end value of £62.50 and an exchange difference of -£4.17. Which is the £62.50- £66.67 and we should see the currency revaluation generate this posting.

**Generating the Variance**

- ▶ To generate the conversion variance navigate to Financials>Closing Processing>Conversion Variance (CONVECAR).
- ▶ On versions up to version 9 the first field will be entitled Variance type and the correct type to select for a debtor/creditor valuation is balance sheet.

As you can see from the above screen shot, on versions 11 and above the field is actually called Assessment method and the correct selection for debtor/creditor conversion variance should be **“By Journal entry”**, which will allow revaluation at transaction detail level.

- ▶ Leave the company and groups blank and in the reference, select the reference you wish to run the revaluation upon. It is important to run the revaluation independently for each ledger, this is because the base currency for each ledger could be different and also because the transactions could have been posted at different rates.
- ▶ Select the company and the sites to include and check the “All Collective accounts”.
- ▶ In the start date enter the first day of the first fiscal year, this is to allow old transactions that may still be open to be included in the revaluation.
- ▶ The end date would normally be the period end date.
- ▶ In the BP type select the one you are running this time.
- ▶ Select BP range from-to, it doesn’t matter if this includes suppliers and customers it will only select the ones that you have chosen in the BP type box.
- ▶ Then select the rate type and the rate date for what you wish to run the calculation on.
- ▶ Under generation we have a couple of options. The first is to just generate a log file, to do this, leave the Generate entries box unticked and tick the Log file box, then click ok.

Conversion Variance

Header

Assessment method: By journal entry  
 Company Groups: →  
 Ledger \*: Legal  
 Plan code: BRI

Company

Company	Company Name	Reference currency
1 : GB10	Q : GB Discrete	GBP
2 :	Q :	

Criteria

All sites  
 All Collective Accounts  
 Start date \*: 01/01/23  
 End date \*: 31/03/23  
 BP Type: Customer  
 Account from \*: AE001  
 Account to \*: ZZZZ  
 From BP \*: AE001  
 To BP \*: ZZZZ  
 Rate Type: Daily rate  
 Rate date: 31/03/23  
 Evaluation type: Fixed rate

Generation

Generate Entries  Log file  
 Generation Type:  Actual,  Active Simulation,  Inactive Simulation  
 Entry Type \*, Journal Date, Journal \*, Reversing date

Distribution Status:  Temporary,  Final

- A log file is then produced showing details of the calculation. After checking the calculation you can then re-run the revaluation choosing the generate entries box.

```

-----
:
:
: 220000 GB001
:
:
:-----
: Legal SAINV SIN2303GB011132: 2979 EUR Rate 0.85365 => 2543.02 GBP / Rate 0.90787 => 2704.54 GBP / Profit 161.52
: Legal SAINV SIN2302GB011133: 2979 EUR Rate 0.8546 => 2545.85 GBP / Rate 0.90787 => 2704.54 GBP / Profit 158.69
: Legal GEN01 GL2303GB011000001 (C) (EUR) => 161.52 GBP / Rate 0.90787 => 0 GBP / Loss -161.52
:
:
: Currency EUR
: TOTAL Legal GB001 : 158.69 (Profit)
:
:
    
```

- You can now select “Active” journal or simulated journals, if you would like to review the transaction in the GL accounts first before committing the transactions you should use active simulation. These journals can also be included in a trial balance report.

All > Financials > Closing processes

### Conversion Variance OK

Assessment method: By journal entry | Company Groups: → | Ledger \*: Legal | Plan code: BRI

Company

Company	Company Name	Reference currency
1 : GB10	Q : GB Discrete	GBP
2 :	Q :	

Criteria

All sites | Site \* : | Account from \* : | Account to \* :  
 All Collective Accounts | Collective : | Collective Group : | From BP \* : AE001 | To BP \* : ZZZZ  
 Start date \* : 01/01/23 | End date \* : 31/03/23 | BP Type : Customer | Rate Type : Daily rate | Rate date : 31/03/23  
 Evaluation type : Fixed rate

Generation

Generate Entries |  Log file | Generation Type :  Actual |  Active Simulation |  Inactive Simulation  
 Distribution Status :  Temporary |  Final

Entry Type *	Journal Date	Journal *	Reversing date
GEN01	31/03/23	GL1	01/04/23

- Then fill in the Entry type, journal code and journal date, where the journal date is the last day of the period. The reversing date should be a date in the next period, then select ok to generate the entries.
- If you have run Active simulation to generate the journals, to change these into actual journals once they have been checked, simply run the Conversion Variance again selecting the “Actual” journal. This will delete the simulation journals automatically for you and create the actual transactions.
- This time on the log file you will be able to see the Journal numbers. These journals can be viewed in Financials> Journal Entry.

```

Currency EUR
TOTAL Legal GB001 : 158.69 (Profit)
220000 NA001
-----
Legal SAINV SIN2303GB011131: 1690.24 USD Rate 1.25 => 2097.8 GBP / Rate 0.93227 => 1519.82 GBP / Loss -517.98
Legal GEN01 GL2303GB011000003 (A) (USD) => -517.98 GBP / Rate 0.93227 => 0 GBP / Profit 517.98
Document creation GEN01 GL2303GB011000005
Create reverse : GL2304GB011000006
  
```

- The first journal number is the journal created to post the exchange difference and the second is the reversal of that journal.

All > Financials > Journals

Journal Entry STDCO : Column complete transaction

Header Lines

Analytical 1 EUR 1.18141 USD

Reference

Reference Simulation Reference

GAP GB001

Reversing

Reversing \* Reversing date Source Type Original number

Reversed 01/04/23

Lines

Site	Collective	General	BP	Debit	Credit	Distribution	Description	Fre...	Tax	Cnt Gen...	Quan
1	GB011	SL	220000	GB001			Conversion variances			805200	
2	GB011		805200				Conversion variances		GB001	GB001	
3											

Totals

Total Debit EUR Total Credit EUR

As you can see from the journal above two lines have been created. The first line against the debtors control account and the second to the exchange difference account.

You will notice in the screen shot that the balance is 0.00 EUR. This is because the journal is created in the same currency as the original transaction and there is no impact on the EUR transaction.

- To see the journal in the ledger currency, select currency from the right-hand list and you will then see the journal for 158.69 GBP.

The screenshot shows the Sage X3 Journal Entry interface for a transaction titled "Journal Entry STDCO : Column complete transaction". The interface is split into a "Header" section and a "Lines" section. The "Header" section includes fields for Analytical (1), EUR, 1.18141, USD, Reference (GAP GB001), and Reversing (Reversed) with a date of 01/04/23. The "Lines" section is a table with columns: Site, Collective, General, BP, Debit, Credit, Distribution, Description, Fre..., Tax, Cnt Gen..., and Quan. The table contains three rows, with the second row highlighted in yellow, showing a credit of 158.69 GBP for "Conversion variances".

Site	Collective	General	BP	Debit	Credit	Distribution	Description	Fre...	Tax	Cnt Gen...	Quan	
1	GB011	Q	SL	Q	220000	Q	GB001	Q	158.69	Q	805200	Q
2	GB011	Q	Q	Q	805200	Q	Q	Q	158.69	Q	GB001	Q
3	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q	Q

Note: You must take care when running the Conversion Variance in “Actual” mode as once the journals have been created, they cannot be deleted.

The conversion variance for customers has now been completed and should be repeated now for suppliers and any other ledgers.