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Hi Dhaval, In transaction OB59, select the valuation method. In the Valuation procedure change the tick in the radio button from Always Valuate to reset, then save. Then run F.05, all the entries are reset but don't forget to change the setting again to Always valuate and then run F.05 with revised exchange rate. Hope this helps. Feel free to revert in case of further clarification. Please assign points as way to say thanks before creating Financial Statements, we have to perform Foreign Currency Valuation for the Transaction done in Foreign Currency. These transactions can be bills receivables or bills payable or might be inter company money transfers which involves G/L Accounts, Customer or Vendor. The Line items can be open or cleared. For the Line items which are cleared the exchange rate would be that of the date on which it is cleared. For Open Items which are not yet cleared the exchange rate may be considered as the current rate or can be considered as month end exchange rate and can be carried out as a monthly closing activity. So at the year end, there could be some revenue or expense due to exchange rate fluctuations which will be reflected in the Financial Statements. Expense and Revenue Accounts for exchange rate differences can be maintained in Customizing transaction code SPRO. In the SAP we can carry out Foreign Currency Revaluation in the following manner: Foreign Currency Revaluation Configuration in SAP Step 1) Enter Transaction Code F.05 in the SAP Command Field Step 2) In the next screen, Enter the Following Enter Company Code for which Foreign Currency Valuation is to be carried out Enter Evaluation Key Date Enter Valuation Method for Exchange Rate Consideration Enter Valuation in Currency Type ( Default is 10 - Company Code Currency) You can filter out Valuation activity by entering appropriate parameters in the Tab Screens. Press Execute Step 3) In the next screen, a list of G/L Accounts is generated which are selected for the Foreign Currency Valuation by the Report SAPPF100. It evaluates the open items in foreign currency as well as foreign currency balance sheet accounts. G/L Account ABC (ABC is the G/L Account ID) is a balance sheet account of type Cash. After running the Foreign Currency Reassessment Run for Cash you notice that the balance of the account is adjusted for the relevant period, however a balance shows again for the next period. This shows especially for G/L accounts whose balance should be 0.00 after clearings. Here again, you notice postings resulting from the Foreign Currency Reassessment Run for Cash. Go to the Payment Management work center. In the Periodic Tasks view choose Foreign Currency Reassessment Runs. Highlight the relevant Foreign Currency Reassessment for Cash Run and access the Log Result. Under Postings you see the postings for the relevant cash accounts and exchange rate gain/loss accounts based on the maintained exchange rates in the General Ledger work center. On the last day of a period amounts resulting from exchange rate differences are reversed against the configured exchange rate gain/loss account. For balance sheet accounts it is customary that postings resulting from Foreign Currency Reassessment Run for Cash are reversed at the first day of the subsequent period. This can be illustrated when looking at the G/L Accounts - Line Items report for g/l account ABC. Journal entries of type Foreign Currency Reassessment are re-posted for the first date of the subsequent period - reversing the previous postings. If required, postings resulting from Foreign Currency Reassessment Run for Cash can be rendered to remain permanent at a period's end. In order to suppress the reversal postings at the first day of the next period proceed as follows. Go to the Business Configuration work center. Enter the Fine Tuning activity Foreign Currency Reassessment Methods for Cash. Select option Assign reassessment Method to Accounting Principle. Choose the Accounting Principle ABC. Open the Use for Cash tab. Select the No Subsequent Reversal Posting box. Save. In case previous postings shall be adjusted. Foreign Currency Reassessment Runs for Cash have to be repeated for each relevant period. Foreign Currency Reassessment Run, Cash Run, Exchange Rate - KBA, AP-PAY, Payment Processing - How To SAP Business ByDesign all versions In this post, we will discuss the SAP Exchange Rate and Foreign Currency Valuation functionalities. We will cover the corresponding detailed processes, purpose, configuration, transaction codes, tables, and more. We will focus on simple scenarios / approaches but the overall concept of this post should give you a good understanding of the behavior. Before we dive into the in-depth process, let us have a high-level introduction. Some of you may be wondering... What is the difference between exchange rate and foreign currency valuation in SAP? Exchange Rates go hand in hand with Foreign Currency Valuation. They are within the same theme (under Exchange Rates) but differ in terms of task and purpose. If you notice the image below, we have two columns called "Usual Daily Tasks" and "Month End Close Tasks". What is the difference between exchange rate and foreign currency valuation in SAP? In a nutshell, Exchange Rates are maintained in SAP and are utilized in daily tasks through the usual financial postings and maintenance of these rates. During financial closing or month end / period end close, we need to perform Foreign Currency Valuation. Currency Exchange Rates in SAP Configuration and Maintenance of Exchange Rate in SAP Foreign Currency Valuation in SAP Configuration for SAP Foreign Currency Valuation Summary of TCodes, Tables, and Configurations Realistically, a company may have transactions in different currencies. If a company is based in Europe and purchases from a foreign vendor based in United States, you would expect 2 (two) different currencies involved in the financial transaction. In this scenario the two currencies are: EUR and USD. SAP in turn should be able to handle this transaction with different currencies through the exchange rate functionality. This is of course considering that the necessary maintenance and configuration is accurately setup in the SAP system. What is the purpose of exchange rate functionality in SAP? Why do we have to maintain exchange rates in SAP? As stated in the Exchange Rate SAP Help Document, there are three purposes: Posting and Clearing Exchange Rate Differences Foreign Currency Valuation To translate amounts posted or cleared in foreign currency. To check a manually entered exchange rate during posting or clearing. When you go on a vacation in a foreign country (for example: South Korea) you would most likely check the exchange rate and do a conversion for the items you will pay for in KRW currency to your local currency. To determine gains or losses from exchange rate differences. Exchange rate frequently changes. The exchange rate today may not be the same exchange rate tomorrow. Thus, you will expect some differences. In turn, SAP should be able to handle those differences. It is possible that during the time of payment, you may have differences in the amount. It could either be a gain or loss due to exchange rate differences. To value open items in foreign currency and foreign currency balance sheet accounts as part of the closing operations. Recall that we do this during period end close or as part of financial closing tasks. We will get to this later on. You first need to maintain the needed foreign currency (KRW). This also considers that the company's local currency is maintained as well (EUR). Example provided below on the foreign currency KRW. Note: Alternative Key for Currency is only utilized in Spain and Belgium. Here you can define a key term for currencies which differ from the currency key and ISO code. OY03 OY03 The primary checkbox denotes Primary SAP Currency Code for ISO Code. You may click on the checkbox and press F1 for more information. In case needed, you can define the decimal places for the concerned currency. In our case, we have set it to 0. OY04 Here we defined Exchange Rate Type M for Standard translation at average rate. OB07 Reference Currency: Currency key which should be used for all foreign currency translation for the exchange rate type in question. Buying and Selling rate: Exchange rate type whose average rate is used to determine the buying / selling rate. Inverted exchange rate: Indicator that in the case of a missing exchange rate entry in the system for the required translation from one currency into another, the inverted exchange rate relationship may also be used. If KRW to USD is missing, SAP can use USD to KRW. Exchange rate type uses special translation model: If you set this indicator it means that the SAP System internal translation modules calculate using a different algorithm. The algorithm has been adjusted to meet the European Monetary Union statutory guidelines. The indicator must be set if the statutory conversion rules agreed by the participating countries in the EMU are to be used. Fixed: Describes an exchange rate type that works with fixed exchange rates. Exchange rate fixing affects the application if exchange rates are to be calculated from currency amounts you have entered. Manual input of exchange rate during transaction. We maintain the translation ratios for the purpose of understanding the relationship between currencies. It is maintained per exchange rate type and currency pair. Inflation impacts the relationships between currencies, so translation ratios are maintained on a time period basis. This maintenance is done way less than the succeeding maintenance of exchange rates as the rates fluctuate daily. For example, USD to GBP and USD to JPY will have different translation ratios. USD to GBP will have a ratio of 1:1 because 1 USD is 0.79 GBP USD to JPY will have a ratio of 1:100 because 1 USD is 107.77 JPY In our case, KRW to EUR will have a ratio of 1:1 because 1 KRW is 0.00074 EUR OBBS IMPORTANT: Pay attention to the validity date of your maintenance. Ensure they are consistent with one another. OB08 can also be accessed by S\_BCE 68000174. On a high-level note, the concept of exchange rate maintenance would follow the table below. Exchange Rate Type Valid From From To M31.05.2020 KRWEUROB08 Currency Exchange Rates OB08 Currency Exchange Rates OB08 Currency Exchange Rates In the screenshots, you will notice that Ratio (from) and Ratio (to) are greyed out as it is covered in the previous maintenance in OBBS. You will also notice columns called Indirect quotation and Direct quotation. Indirect vs Indirect Quotation IMPORTANT: Pay attention to the validity date of your maintenance. Ensure they are consistent with one another. Foreign Currency Valuation or FCV is a necessary step during financial closing. This brings us to the question... Why do we perform FCV during financial closing? Recall that the goal of financial closing is to create and finalize the financial statements of a company. Let us consider that Company A is based in Belgium. This means that Company A's financial statements would show a currency of EUR. Now, Company A would not be limited to transactions within Belgium. Let us add onto the test results, you can choose from the available options: "Post Valuation Immediately" or "Place Valuation in Batch Input Session". Ideally, you may want to opt for the Batch Input Session to keep track or have some additional control before posting is final. In the screenshot below, I entered "MEC\_P05\_FCV" as the Batch Input Session Name so I can quickly identify which Session to process. Tip: You can also process the session in foreground so you can visualize what SAP is doing for the valuation posting. If you need to undo or reset the FCV postings, enter the same parameters and select the "Reset Valuation" checkbox. FAGL\_FCV For those who are using classical ledger, you can use transaction code F.05 where you will see the sample screen below. Valuation Method in this scenario is set to "OPN" which can stand for Open Item Valuation for example. Valuation in Currency Type in this scenario is set to "10" which can stand for Company Code currency for example. This would consider Company A's Company Code 0001 currency of EUR. F.05 Similar to the previous explanation, you can filter out or narrow down your scope according to your need by specifying the values in other tabs such as Open Items, GL Balances, etc. You can also enter a batch input session name to quickly isolate the session in transaction code SM35. The results would look something like this: You will see the currency, revaluation rate, exchange rate, old difference, new difference, etc. Foreign Currency Valuation Result In the example above you will notice that we are dealing with an Open Vendor Item (thus the KR document type for Vendor Invoice) where we have a new difference of -5.002 For better visualization on the computation refer to the image below: SAP Foreign Currency Valuation FCV Computation for New Difference We basically computed for the difference between the two transaction rates (posting date and the key date). Notice how there is a difference in \*exchange rates on May 20, 2020 (posting date) and May 31, 2020 (key date). \*The valuation run will pull the entries from the corresponding exchange rate maintenance (OB08) considering the validity date. Upon posting, you will see that the Exchange Rate Adjustment should be posted for the concerned exchange rate General Ledger accounts. SAP Foreign Currency Valuation FCV Posting OB59 - Define Valuation Methods SPRO > Financial Accounting (New) > General Ledger Accounting (New) > Periodic Processing > Valuate > Define Valuation Methods Here you will maintain the valuation method. In our example, we utilized OPN. OB59 OB59 OBA1 - Prepare Automatic Postings for Foreign Currency Valuation Here you need to enter the GL Accounts concerned for the Foreign Currency Valuation run. Once FCV is completed, you will notice that the loss and gain related GL accounts reflected in the posted documents are pulled from this configuration. Refer to the image below. OBA1 If we execute the FCV run for open items under Sample Vendor Account 123533 (Seoul), it will consider the maintained record, account in its vendor master data - Accounting Information Tab. Re-adding the image of the posted FCV document for easier comparison on the setup. Refer to the GL Accounts used in the posted document Configuration Note Transaction Code / Path Table CRCYOY03 CURCCRVOY04V, CURXEXRT0B07TCURVEXRTOBBSTCURFEXRTOB08 or S\_BCE 68000174TCURRRCVSPRO > Financial Accounting (New) > General Ledger Accounting (New) > Periodic Processing > Valuate > Define Valuation Methods or OB59T044AFCVSPRO > Financial Accounting (New) > General Ledger Accounting (New) > Periodic Processing > Valuate > Foreign Currency Valuation > Prepare Automatic Postings for Foreign Currency Valuation or OBA1T030H Configuration Summary: CRCY - Currency EXRT - Exchange Rate FCV - Foreign Currency Valuation Transaction Proper I hope this helps. Good luck! © Before I move on to the main topic of foreign currency valuation in SAP FI, it is very important to understand the difference between the local currency (or company code currency) and the foreign currency. A local or a company code currency is defined for external reporting purposes. For example, if you maintain the ledgers and generate reporting in INR currency, then INR becomes the local currency. Similarly, when you post a document in any currency other than the local currency, it is called as foreign currency. You run foreign currency valuation in SAP as a part of the month-end activity. To revalue open items posted in foreign currency to prepare accurate financial statements in local currency by using currency exchange rates. Before you run the foreign currency revaluation, there are some pre-requisites. You should maintain the GL account assignments in the configuration along with the valuation methods. You can use any valuation method like the lowest value principle, etc. At month-end, it is suggested to perform the foreign currency valuation so that the balances in local or company code currency are accurate. A foreign currency valuation in SAP is required for the following accounts: GL accounts that are not open items managed and are valued in foreign currency. Open-Item accounts including Customers and Vendors, posted in foreign currency. Once done, a foreign currency valuation process will convert all the open items in foreign currency to the local currency using the exchange rates maintained in the system. Now, I'll be demonstrating an example where my local currency is INR (Indian Rupee) and foreign currency is USD (US Dollar). Since our local currency is INR, before we post a foreign currency document in USD, it is mandatory to maintain the exchange rate between USD and INR. You can maintain the currency exchange rates in transaction code OB08. In almost all cases, organizations use exchange rate type 'M' to convert the foreign currency into local currency based on the average rate. Maintain Exchange Rates Enter the exchange rate type as 'M', 'From Currency' as 'USD', 'To Currency' as 'INR', and the exchange rate validity date. Press Enter. Maintain Exchange Rates Maintain the USD to INR exchange rate. I'm maintaining it as 1 USD = 50 INR in our case. After maintaining the exchange rates, the next step is to enter a customer invoice in currency USD. I'm taking customer invoice as an example, you can take any other open item managed account as well. Post a Customer Invoice I have posted a customer invoice for \$100. As I have maintained an exchange rate of 1 USD = 50 INR in OB08, you can see the local currency amount as \$100 x 50 = 5000 INR. Now, let's assume that this customer hasn't paid this amount at the month-end and the invoice is still open. To generate the correct reporting amount, this invoice needs to be revalued. The next step is to update the current exchange rates in the system. Let's assume that the USD to the INR exchange rate now stands at 55 INR, i.e., 1 USD = 55 INR. You need to update this new exchange rate in OB08. Update the exchange rates The last step is to execute the foreign currency valuation process by using transaction code FAGL\_FCV. Enter the company code, Valuation key date, and Valuation Area in the selection screen. Execute Foreign Currency Valuation In the 'Posting Mode', you have an option to select test run, simulation run, or update run. In the test run, the system will show if any errors are there and are not going to post any accounting entry. If you want to post the accounting entry, you should select Update Run. Foreign Currency Valuation Selection Screen In the tab 'Open Items: Subledger', you have an option to select the vendors and the customers for which you need to run forex valuation. Since it is a customer in our example, tick the checkbox for Valuate Customers and enter the customer code in the customer field. You can also provide more inputs in the selection field. For example, if you want to evaluate it for a particular accounting document, you can give the document number and fiscal year. The system will do the foreign currency valuation for that document only. If you leave it blank, the system will perform the valuation on all the relevant documents for this customer. FCV Log Select the Update Run on the selection screen and click on the Execute button. The system will show you a message stating that the document number has been posted successfully. FCV Log As soon as you see the document number in FAGL\_FCV, you can display it in the transaction code FB03. You can see that the system has posted an accounting entry for 500 INR, i.e., \$100 x (55-50) = 500 INR. Display Accounting Document Once the foreign revaluation document has been posted, you can start generating accurate financial statements in SAP. Foreign Exchange Revaluation a/c 500 INR Debt Exchange Fluctuation a/c 500 INR Credit I hope you liked this article. Please feel free to share it with others and do subscribe to our newsletter. Hi: Please refer to the OSS note 1229183 Foreign currency valuation: Resetting balance valuations. Regards The G/L Balances Foreign Currency Revaluation Introduction Greg will learn the steps to revalue G/L accounts such as bank accounts recorded in a foreign currency. To create value foreign currency account balances and foreign currency GL open items. These consist of transactions that are posted in a currency that is different from the local currency (which is EUR in our business scenario). Since exchange rates can change daily, Greg will have to revalue the closing balance of a foreign currency GL account at period-end. Any difference in the exchange rate will result in an adjustment posting to the G/L account balance to reflect the month-end revaluation. In this example, during the current month a posting of USD 1000 was made, the equivalent local currency (company code currency) amount was EUR 1600 on the USD managed G/L account. A few days later, a further posting of USD 2000 is made. Since the exchange rate has changed, the posting is made in the local currency (= Company Code Currency) with the amount of EUR 2800. During foreign currency valuation at period end, the balance in foreign currency is valued at the current exchange rate (1.3 in this example). This results in a valued balance of EUR 3900. Compared to the cumulated total balance in local currency (EUR 4400), there is now a foreign currency difference of EUR 500. This valuation difference is posted as a loss adjustment in local currency on the Foreign Currency Balance Sheet Account and corresponding Profit & Loss Account automatically by the Foreign Currency Valuation Run. Revalue a G/L Account in Foreign Currency Practice yourself using the interactive simulation to manage the foreign currency valuation of G/L account balances. Dear Jhaanu, Please follow below Details and see step by step, it should help full for you. This wiki provides a demonstration of valuation of Open Items in Foreign Currencies From the help.sap.com documentation the following is stated Valuation of Open Items in Foreign Currencies. Use all open items in foreign currency are valuated as part of the foreign currency valuation. The individual open items of an account in foreign currency form the basis of the valuation, that is, every open item of an account in foreign currency is valuated individually. Example of open items are customers, vendors, or GL accounts managed on open item basis (SKB1-XOPVW = X) The total difference from all the open items in an account is posted to a financial statement adjustment account. The account therefore retains its original balance. The exchange rate profit or loss from the valuation is posted to a separate expense or revenue account for exchange rate differences as an offsetting posting. A valuation cannot be made by posting to the payables/receivables account, since reconciliation accounts cannot be directly posted to. For this reason the amount is posted to an adjustment account, which appears in the same line of the balance sheet as the reconciliation account Step 1 - General customizing Local currency of company EUR - Implementation Guide: Financial Accounting (New) -> Financial Accounting global settings (New) -> global Parameters for company code - Transaction code OBV6 Exchange rate 1 USD = 1,7 EUR Implementation Guide: SAP NetWeaver -> General settings -> Currencies (check all settings) -> Enter Exchange rates (Transaction code OB08) Step 2 - Create Invoice SAP Easy Access -> Accounting -> Financial accounting -> Accounts payable -> Document entry -> FB60 Invoice Post document Display document posted via FB03 Change in exchange rate occurs 1 USD now equals 1,63 EUR SAP Easy Access Screen choose -> Accounting -> Financial Accounting -> Accounts Payable -> Accounting -> FBL1N - Display/Change Line Items Step 3 - Review of Foreign Currency Valuation customizing Prior to performing a foreign currency valuation review of customizing: Implementation Guide: Financial Accounting (New) -> General Ledger Accounting (New) -> Periodic Processing -> Valuate Define Valuation Methods Define valuation Areas Define Accounting Principles Check Assignment of Accounting principles to ledger Group\* required if you have more than one ledger Prepare Automatic Postings for Foreign Currency Valuation Select Transaction KDF, enter Chart of Accounts The Target Accounts for KDB/KDF can also be defined per valuation area Account Determination per Valuation Area Step 4 - Perform Foreign Currency Valuation To perform a foreign currency valuation, from the SAP Easy Access Screen, choose Accounting -> Financial Accounting -> General Ledger/Accounts Receivable/Accounts Payable -> Periodic processing -> Closing -> Valuate -> Foreign Currency Valuation (New/Transaction FAGL\_FC\_VAL (Program FAGL\_FC\_VALUATION) Execute Click on Postings button To create valuation documents create postings must be ticked on, if you execute without create postings ticked, this means that program is run in test mode. If there are errors when posting, a batch input session is created (transaction SM35) Update run is saved in table FAGL\_BSBW\_HISTRY Best Regards, Krish. Dear Jhaanu, 1. If a valuation area is used, the entries in table T030H are used. If no valid entry is found for the account being verified, table T030H is checked for valid entries. If no valid entry is found here, T030S is checked. If a valid entry is still not found, an error message is output. 2. If no valuation area is used, the entries in table T030H are used. If these entries are incorrect, table T030S is checked. If neither table contains valid entries for the account determination, an error message is output. 3. If you only want to use the entries in T030S, you can set the parameter "no\_t030h". Note that the entries in table T030S are only used for accounts that are neither open-item managed nor reconciliation (control) accounts. In other words, T030S is only used for the valuation of account balances. For accounts that are not managed as open-item (balance valuation), both customizing tables are valid. The tables are read in this order: \* table T030H is read. This is your customizing in oba1 (KDF-ob09). \* if nothing is found, the report reads your customizing from table T030S (KDB). If you defined an entry for your chart of accounts and exchange rate difference key, this entry will be found. \* if nothing is found, an error message will be displayed. I hope this helps. Best regards, Erika You have run a Foreign Currency Valuation but made an error and need to undo all of the postings. SAP S/4HANA Public Cloud Edition Classical Valuation: Valuation of Foreign Currency Balance Sheet Accounts You can reset the valuations. By doing so, you recreate the status before the valuation run, that is, all valuations posted are set to zero by an inverse posting. To reset the valuations, enter the same selection criteria for the valuation run to be reset and set the Reset Valuations indicator. Note However, the valuations are only reset when a valuation is performed for the same key date and with the same valuation area. If an item is not valuated for that key date, it is not possible to reset the valuation for the item. You can subsequently reverse the valuation of the balances. For this, set the Reverse Postings indicator. Valuation of Open Items in Foreign Currencies Resetting exchange rate difference postings You can reset the valuations. By doing so, you recreate the status before the valuation run, that is, all valuations posted are set to zero by an inverse posting. To reset the valuations, enter the same selection criteria for the valuation run to be reset and set the Reset Valuations indicator. Note However, the valuations are only reset when a valuation is performed for the same key date and with the same valuation area. If an item is not valuated for that key date, it is not possible to reset the valuation for the item. Reversing exchange rate difference postings The posted exchange rate differences are automatically reset on the specified reversal date or reversal period by an inverse posting after the valuation run. If an error is made when running a foreign currency valuation and the valuation needs to be undone, please run the valuation again using the same parameters as before but with the 'Reset Valuation' flag set. This flag can be found under the 'Valuation Reset' tab in the 'Perform Foreign Currency Valuation' app (ID FAGL\_FCV) or under the 'Postings' tab when using the 'Schedule General Ledger Jobs' app (ID F1927). This will reset the previously run foreign currency valuation and resulting postings. Advanced Valuation: Question: Can completed foreign currency valuations be reset? Answer: No. reset and reverse are not supported in Advanced foreign currency valuation. Advanced Foreign Currency Valuation uses the delta posting logic (only) for the amounts to be posted in a valuation run. Because of the delta posting logic, the valuation run can be executed at any date and even multiple times on the same day. If no delta is found, nothing will be posted. There are no reversal postings. See also FAQ for Advanced Valuation in Financial Accounting What is the main difference between the Classic Valuation Runs and the Advanced Valuation Runs? The configuration was remodelled. The selection screen of the jobs is smaller and easier to use. Advanced valuation jobs are using the delta posting logic only. You can no longer choose between reversal posting logic and delta posting logic. Perform Foreign Currency Valuation Schedule General Ledger Jobs reverse, reset, undo, foreign currency valuation, FAGL\_FCV, error, mistake, correct, advanced valuation , KBA , FI-GL-GL-G , Closing Operations / Period-End , FI-GL-GL-G-ZCL , Closing Operations / Period-End (Public Cloud) , How To SAP S/4HANA Cloud Public Edition all versions Dear Nam, If you are asking about F.05 valuation, you need to create a new valuation method and move it to the production system, in this valuation method you need to select the "Reset" button in OB59. This will help you in resetting the already executed Foreign currency valuation run. Br: Sapan Agarwal