

Brightpearl

Transitioning to multi-currency accounting

Version 2.0

Updated February 2019

Chris Tanner

Introduction	3
Activation	3
Orders/order payments	3
Bank accounts	4
Transferring balance into foreign bank accounts	4
But I don't have a foreign currency bank account...	5
Payment methods	5
PayPal	5
Sales channels	6
Exchange rates	7
Customer debt	7
"Transition" orders	7
Transferring existing customer invoices into foreign currency	8
Supplier debt	10
API/integrations	11
Starting afresh	11

Introduction

If you've been using Brightpearl for a while, you'll know that we have only had base currency accounting capability, even though you can create sales and purchase orders in foreign currencies. Your business may have been trading in multiple currencies, but you've only been able to record base currency values in Brightpearl. This document explains the transition to multi-currency accounting.

Activation

We'll let you know your activation date with plenty of time to read and watch the [available materials](#) and prepare for the switchover. If you would like to discuss your activation date please contact our Support team.

If you have foreign currency sales channels, you'll start to see foreign currency payments (SR journals) arriving immediately after activation. Your account will now be operating in full multi-currency accounting mode. See the [Guide to multi-currency accounting](#) for full details.

It is not possible to switch back to single-currency accounting once your account has been activated. All new Brightpearl accounts will operate in multi-currency mode, and existing Brightpearl accounts will be activated to multi-currency over the next few months.

Orders/order payments

During the transition to multi-currency, you will have foreign currency orders with base currency payments. We call these transition orders. The base currency "paid" amount will be compared against the base currency value of the order to determine whether the order payment status is set to "paid" (or otherwise).

Total EUR	120.00	Total EUR	120.00
Base value GBP	82.76	Base value GBP	82.76
Paid GBP	82.76	Paid EUR	120.00
Foreign currency order fully paid with a base currency payment. All journals for this order will be in base currency.		And a similar fully paid order in multi-currency mode, with a foreign order payment. Note that you may still get base currency journals from this EURO	

order payment, if the order was invoiced while multi-currency was off.

Bank accounts

Since you can't change the currency of a bank account once it's had transactions, if you have foreign currency bank accounts you want to manage in Brightpearl, you'll need to create new accounts in the respective currency.

Add a new account code in **Current Assets (1000 to 1999)**

Nominal code name eg "Consultancy revenue", or "Product type A" <input type="text"/>	Your current Chart of Accounts:
4 digit code <input type="text"/> Leave blank to let Brightpearl assign a code automatically	Fixed Assets
Tax class (optional) <input type="text"/>	0010 : Freehold Property
Is this a bank account? <input checked="" type="radio"/> Yes <input type="radio"/> No	0011 : Leasehold Property
Reconcile this account? <input type="radio"/> Yes <input checked="" type="radio"/> No	0020 : Plant and Machinery
Currency GBP - British Pound Sterling ▼	0021 : Plant and Machinery Depreciation
Show on expenses screen? <input type="radio"/> Yes <input checked="" type="radio"/> No	0030 : Office Equipment
Allocate discounts to this account? <input type="radio"/> Yes <input checked="" type="radio"/> No	0031 : Office Equipment Depreciation
Is this account active? <input checked="" type="radio"/> Yes <input type="radio"/> No	0040 : Furniture and Fixtures
Export Trial Balance map code <input type="text"/>	0041 : Furniture and Fixture Depreciation
	0050 : Motor Vehicles
	0051 : Motor Vehicles Depreciation
	0100 : Accumulated Depreciation
	Current Assets

Transferring balance into foreign bank accounts

If you're already managing these foreign bank accounts in Brightpearl (only showing the base currency equivalent), then you'll probably want to transfer the balance from the old, base currency accounts into the new ones. Do this with a Bank Transfer. If you don't want the old base currency bank account to be used any more, visit the Accounting > Chart of Accounts screen and deactivate the bank account.

If your sales channels still use base currency bank accounts, then don't deactivate the account until all your sales channels are updated to use the correct payment method, with the right foreign currency bank accounts.

But I don't have a foreign currency bank account...

You don't need to have real-world bank accounts in foreign currencies to use Brightpearl multi-currency accounting.

Payment methods

When you create or edit a payment method, you'll see that you can choose different bank accounts to receive the funds when an order is paid in each currency:

Edit payment method

Name

Used internally. Not displayed to customers.

Code

Required, and must be unique. Used to match against incoming payments from sales channels, and for a short code to display on the payments report.



This payment method is active

Link to a payment gateway

Linking a gateway to a payment method will allow you to take payments from within Brightpearl. Install payment gateway apps from the App Store.

Bank account for GBP payments

Bank account for USD payments

If you don't set this and you have a base currency bank account, the base currency bank account will be used for USD transactions.

Bank account for EUR payments

If you don't set this and you have a base currency bank account, the base currency bank account will be used for EUR transactions.

So far, you've only been able to choose base currency bank accounts for each of your foreign currencies, since all accounting has been converted to base. Once multi-currency is activated, and you have created foreign currency bank accounts, you can add them to your payment methods.

Just like before, if you don't set a bank account for foreign currency order payments, the Sales Receipt journal will be posted into the bank account you choose for base currency payments (GBP in the example above).

Remember that base currency bank accounts can have foreign currency journals, but foreign currency bank accounts can only have journals in the bank account currency.

PayPal

Most high street (current or checking) bank accounts will accept funds in any currency, but the amount is converted to the bank account currency using the bank's exchange rate. PayPal is

different. When you receive foreign money into a PayPal account, it's not converted to base currency immediately. Your PayPal account retains foreign currency balances.

For this reason, you'll need to create a "bank account" in Brightpearl for each currency that you deal with in your PayPal account. Assign each of these bank accounts to the respective currency on the PayPal payment method (the one with code PAYPAL). If you don't have a payment method with code PAYPAL, then create one. This is the one that's used when customers pay you using PayPal via the web portal.

Update each of your sales channels that take PayPal payments, so that the PAYPAL payment method is used.

Until sales channels are updated to have a payment method setting, they will continue to use the payment method with the same code as the bank account setting. So if your channel has "1240 PayPal" as the bank account to use for payments, add each new bank account to the payment method with code "1240". During this period we recommend you have two PayPal payment methods; one "PayPal for channels" and one "PayPal for portal"

Edit payment method

Name

Used internally. Not displayed to customers.

Code

Required, and must be unique. Used to match against incoming payments from sales channels, and for a short code to display on the payments report.

This payment method is active

Link to a payment gateway

Linking a gateway to a payment method will allow you to take payments from within Brightpearl. Install payment gateway apps from the App Store.

Bank account for GBP payments

Bank account for USD payments

If you don't set this and you have a base currency bank account, the base currency bank account will be used for USD transactions.

Bank account for EUR payments

If you don't set this and you have a base currency bank account, the base currency bank account will be used for EUR transactions.

Sales channels

Not all our sales channels have been upgraded to multi-currency.

At the time of writing [Feb 2019], the following channels support multi-currency accounting:

- Amazon
- eBay
- Shopify (using the Shopify app)
- BigCommerce (using the BigCommerce app)
- Magento 1 and 2 (using the Magento extensions)

The following channels do not support multi-currency accounting. These channels will continue to create foreign currency sales orders with base currency payments, and base currency invoices.

- BigCommerce using the legacy Brightpearl app
- EKM stores
- Shopify using the legacy Brightpearl app
- Magento using the legacy Brightpearl app

Exchange rates

When multi-currency is activated, you will no longer edit exchange rates, you'll add a new one each time you want it to change. Add a new exchange rate to see how multiple exchange rates work.

There is no automatic update of exchange rates.

Customer debt

Existing base currency invoices for foreign currency orders will not be updated. Any foreign orders not yet invoiced will create foreign currency accounting when they are invoiced after the multi-currency activation date UNLESS they already have base currency prepayments.

“Transition” orders

So if you created a foreign currency sales order and received payment before multi-currency was activated, you'd have a base currency SR journal. Because all journals for a given invoice have to be in the same currency, when the order is invoiced you will get a base currency SI journal, even if multi-currency is active when you invoice.

The same principle applies if you invoice a foreign currency sales order before the multi-currency activation date, and take payment after. The foreign order will have a base currency SI journal, so the SR journal also has to be in base currency, even if multi-currency is active when you take the payment.

When payments for foreign currency orders are forced to base currency due to prior base currency journals, the base currency bank account on the payment method will be used for the Sales Receipt journal.

We call these “transition orders” - where either the SR or the SI is forced to base currency even if multi-currency is active. The exchange rate on the order is used when converting transactions to base currency for transition orders.

Transferring existing customer invoices into foreign currency

If you’ve got base currency journals on your Accounts Receivable (Aged Debtors) that represents foreign currency orders (i.e. pre multi-currency foreign orders that you sent to customers) then you might want to clear down that base-converted debt and re-invoice in foreign currency.

This will enable you to then take payment for those foreign invoices via a foreign bank account, and also let you send foreign currency statements.

You’ll need to create new invoices. You won’t be able to use the un-invoice and re-invoice feature since the cancelled SI journal from the un-invoice process will be in base currency, causing all subsequent journals for that order to also be in base currency. New invoices will mean new invoice references, which is not perfect, but you may prefer this to keeping the foreign debt in base currency.

Here’s how to do it:

1. Create a new nominal code, as a bank account, called “Currency Transfer Account” (if you don’t already have something similar). This needs to be a base currency bank account. Make sure you select ‘This is a bank account’!
2. Print a statement for your chosen customer so that you have the original foreign and base currency amounts to hand.
3. In the ‘allocate payment’ screen for your customer, pay all their current open invoices in a single transaction using the Currency Transfer Account you created in step 1. This will be a single, large SR journal in base currency. We’re going to remove the balance you just added to the Currency Transfer Account with each subsequent invoice:

4. For each open invoice balance on the statement, create a Quick Invoice via "Customers > Quick Invoice". You won't be able to enter the invoice reference since you are actually re-invoicing in a different currency, we need to generate a new invoice reference.
 - a. Enter the old invoice reference (and order ID) into the details field, so you can search for it later.
 - b. Choose the Currency Transfer Account as the nominal code for this invoice (ie not 4000)
 - c. Choose tax code T9 (or "-" in the USA)
 - d. Choose the original invoice date
 - e. Enter the foreign currency amount as per the balance for this invoice outstanding on the statement
 - f. If you want this to match the original invoice amount (in base currency), edit the exchange rate. You can use this opportunity to revalue your foreign currency debt, by choosing a different exchange rate. If you do, you will end up with a balance left over on the Currency Transfer Account, which you should move to the relevant Exchange Rate Gain/Loss account once you have finished moving the foreign currency invoices for this customer.

Here's an example where you're transferring a base currency invoice SI-6356 to 180 EUR:

Enter Invoice for a Customer

Search for customer: Jason Smith [Add a new Customer](#)

Date: 14/11/2016

Date due: 14/12/2016 +30 days

Currency: EUR - Euro

Exchange rate: 1.120000

Details: SI-6356 (Order 2347)

Net 1: 180.00 EUR Tax: 0.00 EUR

T9 Not rated (0%) Currency Transfer Account

Total: 180.00 EUR

Options: Autocalculate tax Mark as paid at the same time [Extra options](#)

[Add row](#) [Enter Invoice](#)

5. Once you have created a new, foreign invoice for every base currency invoice cleared in step (3), you need to have a zero balance on the Currency Transfer Account before you start transferring balances for the next customer (or supplier). If there is an amount left over, it should be due to different exchange rates used for the new invoices (ie step 4f). Create a journal to move this balance from Currency Transfer Account to the Exchange Rate Gain/Loss account for the respective currency.

Since the new foreign currency invoice references on the new statement won't match the customer's original invoice references you might want to add something to the bottom of your statement template (*Setting > Templates then edit your Statement template*) to explain the change. If you feel this change will be too disruptive for a given customer, it's probably best to keep their existing open invoices in base currency and pay them off in the way you always have done, until all their old base currency debt is cleared.

Supplier debt

The process is the same as for customer debt, apart from the following:

When batch invoicing (receiving one invoice against multiple purchase orders), any prepayments made against those orders need to have the same currency (i.e. you can't have a mix of

pre-multi-currency, transition and post-multi-currency purchase orders, since the journal currency needs to be the same for all the payments and invoices).

API/integrations

Most of our old API accounting messages only supported base currency, so we have written a range of new endpoints that support foreign currencies.

If you're developing with our API, please read the guide "Upgrading your app to be multi-currency ready".

Starting afresh

If you want to reset your accounts completely and start afresh in multi-currency mode, that's also possible. It will involve deleting all your accounting journals, leaving order payments intact.

Contact us for more information : support@brightpearl.com