Multi-Currency in Tally.ERP 9

Did you know that Tally.ERP 9’s multi-currency feature can fulfill all your foreign trade business requirements right from passing transactions to adjusting Forex Gain/Loss? Whatever your requirement, you can get just what you need to run a hassle-free business in more than one currency.

With the advent of globalization, using multi-currency has become a necessity for companies involved in International Trade business. Starting from transactions to viewing of reports, multi-currency support is required. And most importantly, adjusting Forex Gain/Loss is one crucial activity to generate an accurate Profit/Loss account statement. Handling these processes with a rate of exchange that fluctuates regularly is quite a challenge. However, Tally.ERP 9 provides a comprehensive multi-currency support that allows recording of transactions in multi-currency, specifying the rate of exchange and automatic calculation of Forex Gain/Loss with extremely simplified adjustment for the same.

Users can define unlimited currencies (US dollars, Singapore dollars etc.), specify whether to view the currencies either in Lakhs or Millions and use multi-currency concurrently. For example, your company’s balance sheet in India can be viewed by your business partner in Japan in Yen.

To use Multi-Currency in Tally.ERP 9:

- Go to Gateway of Tally > F11: Accounting Features
- Set ‘Allow Multi-Currency’ to ‘Yes’
- Accept the screen

Note: The base currency of the company is specified during the company creation.

Creating Currencies

Tally.ERP 9 allows creating unlimited currencies each with their own specified symbol. To do this:

- Go to Gateway of Tally > Accounts Info. > Currencies > Create
- Enter the required details as shown below:
- Setting ‘No’ to ‘Show Amounts in Millions’ will display the currency in Lakhs.
- Accept the screen
Similarly, you can create other currencies using the keyboard shortcuts listed below:

- Euro ‘€’ (Alt + 0128),
- Japanese Yen ‘¥’ (Alt + 0165)
- Pound Sterling ‘£’ (Alt + 156)

**Note:** For more currency symbols, you can refer to the ‘Character Map’ located at ‘Start > All Programs > Accessories > System Tools’ on your Windows PC.

### Altering Currencies and Defining Rates of Exchange

To alter the currency:

- Go to Gateway of Tally > Accounts Info. > Currencies > Alter

Here you can specify different rate of exchanges for different date and also use the screen as a reference to see the changes in rate of exchange.

**Note:** Standard rate is the current rate in the market. Selling rate is the rate at which your bank will buy the currency from you. Buying Rate is the rate at which you will buy currency from the bank.

To specify the rate of exchange for more than one currency with specific dates:

- Go to Gateway of Tally > Accounts Info. > Currencies > Rates of Exchange

On the ‘Multi-Currency Alteration’ screen:

- Enter ‘Date’ (applicable date for exchange rate)
- Enter ‘Standard Rate’, ‘Selling Rate’ and ‘Buying Rate’ > Accept the screen

### Using Foreign Currency in Voucher Entry

To pass transactions using multiple currencies, let’s consider a service provider ‘ABC Company’ that delivers a service for $5000 to ‘XYZ Company’. The rate of exchange during this transaction is Rs. 55/$.

To create a Sales Voucher for this transaction:

- Go to Gateway of Tally > Accounting Vouchers > F8: Sales (Select ‘As Invoice’)
- Select ‘XYZ Company’ in ‘Party’s A/c Name:’ and then ‘Service Charges’ under ‘Particulars’ and enter ‘$5000’ in ‘Amount’ > Accept the default selling rate on ‘Rate of Exchange’ screen.
The completed Sales Voucher screen is shown below:

Accounting Receipt for the Payment
When the payment is made for the service, say the exchange rate has gone up to Rs. 55.50/$. Let's pass the receipt voucher as shown below:

- Go to Gateway of Tally > Accounting Vouchers > F6: Receipt
- Credit the ‘XYZ Company’ and debit the ‘Bank’ with ‘$5000’
- Enter the rate of exchange for both ledgers as ‘55.50’
- Accept the Screen.

The completed Voucher is shown below:

Adjusting Forex Gain/Loss
Due to change in the rate of exchange Rs.55.50/$ during receipt against the selling rate of Rs.55 /$, the unadjusted Forex Gain/Loss will be displayed in Balance Sheet. To view this:

- Go to Gateway of Tally > Balance Sheet
To adjust this unadjusted value, let’s alter a Journal voucher type as follows:

- Go to Gateway of Tally > Accounts Info. > Voucher Types > Alter > Journal
- Enter ‘Forex Gain/Loss’ in ‘Name of Class’
- Set ‘Yes’ to ‘Use Class for Forex Gain/Loss Adjustments?’
- Select ‘Forex Gain/Loss’ in ‘Ledger Name’
- Accept the screen

Now, let’s pass the Journal entry as follows:

Hence, handling transactions in currencies other than the base (home) currency is now extremely simple with the versatile multicurrency support of Tally.ERP 9.