

# Super Simple Summary: FR

## Foreign Exchange in a Single Company



### Recording Transactions

**Initial Entry:** Use the exchange rate on the transaction date to record foreign currency transactions.

### Period-End Reporting

- **Monetary Items** (e.g., cash, receivables, payables): Revalue using the closing exchange rate on the reporting date.
- **Non-Monetary Items** (e.g., property, inventory): Record at the historical exchange rate; no revaluation needed.

### Handling Exchange Differences

**Profit or Loss Impact:** Exchange gains or losses arise from rate changes and are recorded in the profit or loss account.

### Determining Functional Currency

**Functional Currency:** Identify the primary currency that influences the company's costs and revenue.

#### Key Point 1

##### Consistent Application

Use the same method for exchange rates consistently.

#### KeyPoint 2

##### Clear Disclosure

Always disclose the exchange rates used and their financial impact.