
Index

A

Accounting standard updates (ASUs), 64

Accuracy

credibility and, 55–56

defined, 45, 283

in exchange rates, 50–52

in original data, 45–46

Activity frequency, 153–154

Adams, Henry, 129

AED currency code, 265

AFN currency code, 252

ALL currency code, 252

AMD currency code, 252

American Institute of Certified Public

Accountants, 64, 240, 267

American quotation, 21, 283

ANG currency code, 261

AOA currency code, 252

Approximation

about, 43–45

accuracy in, 45–46, 50–52

computer calculations and, 52–53

credibility in, 55–56

precision in, 45–46, 48–50, 53–56

significant digits and, 46–47

Archimedes, 43

Aristotle, 43

ARS currency code, 252

ASC 830 standard

about, 62, 64–69

on exchange differences, 214

financial reporting and, 77–81

on functional currency, 198

on hyperinflation, 238

IAS 21 convergence and, 81–82

translation guidelines, 214

ASCII codes, 267

Assets and liabilities (financial reports), 84–85, 135, 213–214

ATS currency code, 255

AUD currency code

about, 252

approximation and, 48–49, 51

exchange rate tables, 32, 38–40

market turnover by currency pair, 14, 16, 19–20

Average rate, calculating, 87–93

AWG currency code, 252

AZN currency code, 252

B

Balance accounts, 135–136, 142, 283

Balance sheet dates, 114–118

BAM currency code, 253

Bank for International Settlements

(BIS), 11–16, 23, 268

Barclays Bank, 13, 50

Base currency, 18, 33–34, 90, 283

BBD currency code, 252

BDT currency code, 252

BEF currency code, 256

BGN currency code, 253

BHD currency code, 17, 252

BIF currency code, 253

Big Mac Index, 25–27

BMD currency code, 253

BND currency code, 253

BOB currency code, 253

Bretton Woods Agreement, 23–24, 75

BRL currency code, 16, 253

BSD currency code, 252

BTN currency code, 253

Buckler, Bill, 26

BWP currency code, 253

BYR currency code, 253

BZD currency code, 253

C

CAD currency code

about, 254

approximation and, 48–49, 51

disposal of foreign operation, 242

exchange rate tables, 32, 38–40

hedging exposure, 243–244

market turnover by currency pair,

14, 16, 19–20

Calculators, precision, 53

Camus, Albert, 119

CDF currency code, 257

Center for Audit Quality, 240, 268

Chartered Accountants of Canada, 268

CHF currency code

about, 264

convenience translation, 102

market turnover by currency pair,

14

translation examples, 203–205, 207

Citi (bank), 13

CLP currency code, 254

CNY currency code, 15, 122, 237, 254

Complex exchange rate, 139–141, 283

Computer calculations, 52–53

Computer Journal, 52

Confederation of Asian and Pacific

Accountants, 268

Constant currency

calculating, 165

defined, 166, 285

financial reporting results and,

166–168

functional currency and, 166–167,

186

improving, 168–171

presentation currency and, 171–

172, 186

weighted average, 171, 173

Constant year, 177–180, 284

Convenience translation, 84, 101–105

Conversion. *See* currency conversion

COP currency code, 254

Council of the European Union, 46,

48

CRC currency code, 254

Credit Suisse, 13

Crossing zero, 184, 208–210

Cross rate tables, 20, 35–37, 284

CSD currency code, 263

CUC currency code, 254

Cumulative translation adjustment

(CTA)

about, 214–220

defined, 214, 284

intragroup monetary transactions

and, 224–225

recalculating, 220–224, 229–233

remeasurement and, 227–228

CUP currency code, 254

Currency codes

BIS table and, 14–17

ISO-4217 standard, 17, 26, 176,

180, 252–266

Currency conversion. *See also*

Translation

defined, 85, 284

dollars to gold, 75

euro to dollar, 10

exchange rates and, 11

of functional currencies, 83

IAS 21 on, 110

process steps, 10

significant digits and, 55–56

Currency nomenclature, 61–64

Currency pairs, 33–34

Currency pair tables. *See* Exchange rate tables

CVE currency code, 254

CYP currency code, 255

CZK currency code, 255

D

Decimal places, 17, 22

DEM currency code, 256

Derived complex exchange rates, 141, 151

Deutsche Bank, 13

Devaluation, 237, 284

Direct quotes, 21, 35, 38–39, 284

DJF currency code, 255

DKK currency code, 255

Dollar

Australian. *See* AUD currency code

Canadian. *See* CAD currency code

conversion to gold, 75

strengthening, 181

- United States. *See* USD currency code
- weakening, 181, 186–188
- DOP currency code, 255
- DZD currency code, 252
- E
- The Economist*, 25
- EDGAR database, 166, 268
- EEK currency code, 255
- EGP currency code, 255
- Emerson, Ralph Waldo, 9, 31, 75, 235, 247
- Enterprise resource planning (ERP), 152, 174
- Equity component (financial reports), 84–85, 139–141, 164
- ERM II, 240
- ERN currency code, 255
- ESP currency code, 256
- ETB currency code, 255
- EUR currency code
 - about, 256
 - approximation and, 45–46, 48–49, 51–52
 - calculating average rate, 87–91
 - ECB exchange rates, 269
 - euro adoption, 240–241
 - exchange differences and, 114–116
 - exchange rate tables, 32–41
 - foreign currency transactions, 111–113
 - market turnover by currency pair, 14–17, 19–22
 - oil quotes and, 122
 - time and exchange rates, 136–138
 - translation examples, 93–101, 104–105, 203
- EUR-Lex, 269
- Euro. *See* EUR currency code
- Euromoney* magazine survey, 12–13
- European Central Bank, 3, 240, 269
- European Commission (EC), 63, 65, 78, 241
- European Financial Reporting Advisory Group (EFRAG), 63, 65, 269
- European Monetary Union, 46
- European quotation, 21–22, 284
- European Union, 79, 240, 270
- EverBank, 270
- Exchange rates
 - accuracy in, 50–52
 - affecting cash flow, 145–146
 - analyzing impact, 166
 - common scenarios, 182–188
 - currencies and, 22–25
 - currency conversion and, 11
 - decimal places in, 22
 - defined, 284
 - derived complex, 141, 151
 - factors affecting, 130
 - frequency and, 153
 - impact on reporting, 162–163
 - market overview, 11–17
 - multiple scenarios, 176–177
 - negative, 147–151, 286
 - precision in, 46, 48–50
 - quoting, 20–22
 - requirements for, 275–281
 - rounding and, 44–45
 - terms and terminology, 33–35
- Exchange rate tables
 - building, 19–20, 37–42
 - common mistakes, 32–33
 - complexity of, 31–32
 - terms and terminology, 33–35
 - triangulation and, 35–37
- F
- Federal Reserve Bank of St. Louis, 25
- FIM currency code, 256
- Financial Accounting Federation (FAF), 270
- Financial Accounting Standards Board (FASB), 62–64, 145, 270
- Financial reporting overview, 82–83, 188–190
- TheFinancials.com web site, 17, 271
- Fixed exchange rate, 22, 24, 284
- FJD currency code, 256
- FKP currency code, 256
- Floating exchange rates, 22, 75–76, 237
- Floating point data, 53–55
- Flow accounts, 135–136, 142, 201, 284
- Foreign currency
 - common scenarios, 182–188
 - defined, 70, 285
 - hedging exposure, 243–244
 - nonmonetary items and, 115–118, 241–242
 - relevance to other currencies, 22–25

- Foreign currency statements, 70–71
- Foreign currency transactions
 about, 111–113
 defined, 285
 for monetary items, 114–117
 for nonmonetary items, 115–118
 potential reporting errors, 119–122
 revaluation of, 114
- Foreign operations
 determining functional currency
 for, 68–69
 disposing of, 242
 monetary intragroup transactions
 and, 224–227
 net investment in, 96
- Forward contracts, 243–244
- Frequency, 153–159, 285
- FRF currency code, 256
- Functional currency
 in accounting standards, 66–71
 calculating average rate, 90
 changing, 122
 constant currency and, 166–167,
 186
 conversion of, 82–83
 defined, 285
 presentation currency and, 165–166
 translation for financial reports,
 84–85
- Functional currency units (FCUs),
 85–86
- G**
- GAAP. *See* Generally accepted
 accounting principles (GAAP)
- GBP currency code
 about, 262
 approximation and, 48–49, 51
 crossing zero example, 210–211
 exchange rate tables, 32, 38–40
 market turnover by currency pair,
 14, 19–20
- GEL currency code, 257
- General ledger (GL) systems
 changing data access methods,
 198–201
 intercompany transactions and,
 152–153
 problems with aggregated data,
 195–198
 value of, 174
- Generally accepted accounting
 principles (GAAP)
 Canadian, 63
 financial reporting software and,
 174–175
 hyperinflationary economy and,
 81, 238–239
 United States, 62, 64–65, 67–71,
 238–239
- GHC currency code, 257
- GHS currency code, 257
- GIP currency code, 257
- “Global greenback” reserve currency, 3
- GL. *See* General ledger (GL) systems
- GMD currency code, 257
- Goethe, Johann Wolfgang von, 1,
 109
- Goldman Sachs, 13
- Gold standard, 26, 75–76, 81–82
- Googol, 47
- Gosling, James, 54
- Governmental Accounting Standards
 Board (GASB), 271
- GRD currency code, 256
- Greenwald, Bruce, 3
- Group of 20 Finance Ministers and
 Central Bank Governors (G-20),
 3, 63, 79
- GTQ currency code, 257
- GYD currency code, 257
- H**
- Hedging, 243–244
- HKD currency code, 15, 257
- HNL currency code, 257
- HRK currency code, 254
- HSBC, 13
- HTG currency code, 257
- HUF currency code, 258
- Hybrid accounts, 142–145, 201, 285
- Hyperinflationary economies
 about, 238–240
 defined, 81, 285
 redenomination and, 236
 translation and, 83–84, 87, 102
 watch list for, 240
- I**
- IAS 2 standard, 117
- IAS 7 standard, 145
- IAS 16 standard, 117

- IAS 21 standard
 about, 62, 65–71, 105
 ASC 830 convergence and, 81–82
 on conversion, 110
 on exchange differences, 214
 financial reporting and, 76–81
 on functional currency, 198
 IAS Plus, 271
 on income and expense, 201
 on nonmonetary items, 117
 on remeasurement, 118
 on transactions, 111
 translation guidelines, 83–87,
 102–103, 214
- IAS 29 standard, 81–82, 238
- IAS 36 standard, 117
- IAS Plus, 271
- IDR currency code, 258
- IEEE-754 standard, 54–55
- IEP currency code, 256
- IFRS. *See* International Financial Reporting Standards (IFRS)
- ILS currency code, 261
- “Impossible Trinity,” 24
- Income and expenses (financial reports), 84–91, 135–136, 201–202
- Indirect quotes, 21, 35, 38–39, 285
- INR currency code, 15, 258
- Institute of Chartered Accountants in England and Wales, 272
- Interactive Data, 13
- Intercompany transactions, 152–153
- International Accounting Standards Board (IASB), 62–65, 77–78, 145
- International Financial Reporting Interpretations Committee (IFRIC), 82
- International Financial Reporting Standards (IFRS), 62–67, 77–81, 239, 271–272
- International Monetary Fund (IMF), 3–4, 23–24, 272
- International Practices Task Force (IPTF), 240
- IQD currency code, 258
- Irrational numbers, 43, 285
- IRR currency code, 258
- ISK currency code, 258
- ISO-3166 standard, 273
- ISO-4217 standard
 about, 273
 currency codes, 26, 176, 180, 251–266
 defined, 17, 285–286
 exchange rate tables, 180
- ITL currency code, 256
- J**
- JMD currency code, 258
- JOD currency code, 258
- JPMorgan, 13
- JPY currency code
 about, 258
 approximation and, 45, 48–52
 calculating average rate, 87–91
 convenience translation, 102–103
 exchange rate tables, 32–40
 market turnover by currency pair, 14–16, 19–20
 oil quotes and, 122
- K**
- KES currency code, 258
- KGS currency code, 258
- KHR currency code, 253
- KMF currency code, 254
- KPW currency code, 261
- KRW currency code, 15, 264
- KWD currency code, 258
- KYD currency code, 254
- KZT currency code, 258
- L**
- LAK currency code, 259
- Lambert, Johann, 43
- LBP currency code, 259
- LKR currency code, 264
- Local currency, 69
- LRD currency code, 259
- LSL currency code, 259
- ITL currency code, 259
- Luce, Henry R., xii
- LUF currency code, 255
- LVL currency code, 259
- LYD currency code, 259
- M**
- MAD currency code, 260
- Managed floating exchange rate, 237
- Management reporting, 188–190

- Maslin, Michael, xx
 MD&A, 164–165, 168
 MDL currency code, 260
 MGA currency code, 259
 Microsoft Excel, 53, 176–177
 MKD currency code, 259
 MMK currency code, 260
 MNT currency code, 260
 Monetary items, 114–117, 286
 MOP currency code, 259
 Morgan Stanley, 13
 MRO currency code, 260
 MTL currency code, 260
 Mundell-Fleming Model, 24
 MUR currency code, 260
 MVR currency code, 259
 MWK currency code, 259
 MXN currency code, 183, 185, 209, 260
 MYR currency code, 259
 MZM currency code, 260
 MZN currency code, 260
- N**
 NAD currency code, 260
 Negative exchange rates, 147–151, 286
 Net investment in a foreign operation, 96
 NGN currency code, 261
 NIO currency code, 261
 Nixon, Richard, 24, 75
 NLG currency code, 256
 NOK currency code, 261
 Nomenclature, 61–64
 Nonmonetary items, 115–118, 241–242, 286
 NPR currency code, 260
 NZD currency code, 16, 261
- O**
Office Space (film), 44, 55
 OMR currency code, 262
 Online analytical processing (OLAP), 175
 Organisation for Economic Co-operation and Development, 25, 273
 Oxford Journals, 52
- P**
 PAB currency code, 261
 Pacific Exchange Rate Service, 273
 Palladium, 26
 Paper currencies, 26
 PEN currency code, 262
 People's Bank of China, 23
 Period activity (PA)
 about, 131–138
 defined, 286
 hybrid accounts, 143
 impact of translation using, 203
 Period of time (POT)
 about, 131–137
 defined, 286
 flow accounts and, 142
 negative exchange rates and, 149
 PGK currency code, 262
 PHP currency code, 262
 Pip (decimal place), 22, 59
 PKR currency code, 261
 Platinum, 26
 Plato, 61, 213
 PLN currency code, 44–45, 262
 Point in time (PIT)
 about, 131–137
 defined, 286
 flow accounts and, 142
 negative exchange rates and, 149
 “Policy Trilemma,” 24
 Precision
 credibility and, 55–56
 decimal places and, 22
 defined, 45, 286
 in exchange rates, 48–50
 with floating point data, 53–55
 in original data, 45–46
 Presentation currency
 calculating average rate, 90
 constant currency and, 171–172, 186
 defined, 70–71, 83, 286
 functional currency and, 165–166
 strengthening/weakening dollar, 181
 translation to, 83–86, 214–215
 Presentation currency units (PCUs), 85–86
 Primary economic environment, 66–68, 286
The Privateer (Buckler), 26
 PTE currency code, 256
 Purchasing power parity (PPP), 25
 PYG currency code, 262
 Pythagorean Theorem, 247

Q

QAR currency code, 262
Quote currency, 34

R

Rational numbers, 44, 286
RBS, 13
Redenomination, 236–237, 286–287
Remeasurement, 118–119, 287
Reporting currency, 61, 67, 70, 79
Reserve currency, 3–4
Retained earnings, 213
Revaluation, 114, 237, 287
ROL currency code, 262
RON currency code, 262
Rounding. *See* Approximation
Round-tripping, 52
RSD currency code, 263
RUB currency code, 262
RWF currency code, 262

S

SAC currency code, 263
SAR currency code, 263
SBD currency code, 264
Scientific notation, 46–47
SCR currency code, 263
SDD currency code, 264
Securities and Exchange Commission (SEC), 63, 164, 273
SEK currency code, 15, 264
SFAS 52 standard, 64–66, 78–79, 118
SGD currency code, 263
SHP currency code, 263
Significant digits, 46–49, 51
Silver, 26
SIT currency code, 264
SKK currency code, 263
SLL currency code, 263
Smiles, Samuel, 193, 210
SOS currency code, 264
Special drawing rights (SDRs), 3–4
Spot rates, 87–91
SRD currency code, 264
Standards. *See individual entries*
STD currency code, 263
Stiglitz, Joseph, 3
Strengthening dollar, 181
SVC currency code, 255
SYP currency code, 264
SZL currency code, 264

T

THB currency code, 265
TheFinancials.com website, 17, 271
TJS currency code, 264
TMM currency code, 265
TND currency code, 265
To date frequency, 153–154
TOP currency code, 265
Transactions
 CTA and, 224–227
 defined, 287
 in foreign currency, 111–113, 285
 intercompany, 152–153
 revaluation of, 114, 287
 translation and, 110–111
Translation
 of assets and liabilities, 84–85, 214
 calculating average rate, 87–91
 convenience, 84, 101–105
 of equity, 84–85
 of foreign currency transaction. *See* Revaluation
 frequency and, 153
 of functional currencies, 83
 of income and expense, 84–91, 202
 intermediate example, 94–101
 to presentation currency, 83–86, 214–215, 287
 simple example, 93–94
 transactions and, 110–111
 YTD, 201–208
Treaty of Versailles, 23
Triangulation
 with cross rates, 19–20
 defined, 17–19, 287
 exchange rate tables and, 35–37
TRL currency code, 53, 236
TRY currency code, 53, 236, 261
TTD currency code, 265
TWD currency code, 261
TZS currency code, 265

U

UAH currency code, 265
UBS, 13
UGX currency code, 265
USD currency code
 about, 265
 approximation and, 44, 46, 48–52
 calculating average rate, 88–91
 crossing zero examples, 209–211

- USD currency code (*cont'd*)
 currency forecast example,
 181–182
 disposal of foreign operation, 242
 exchange differences and, 114–116
 exchange rate tables, 32, 34–35,
 38–40
 floating exchange rates and, 237
 foreign currency transactions,
 111–113
 hedging exposure, 243–244
 market turnover by currency pair,
 14–17, 19–22
 oil quotes, 122
 time and exchange rates, 136–138
 translation examples, 93–105
- USH currency code, 180–181
 USL currency code, 180–181
 USM currency code, 176
 USY currency code, 176
 UYU currency code, 262
 UZS currency code, 265
- V**
 VEB currency code, 23, 236, 266
 VEF currency code, 23, 236, 266
 Versailles, Treaty of, 23
 VND currency code, 266
 VUV currency code, 265
- W**
 Weakening dollar, 181, 186–188
 Weighted average, 171, 173, 203
 Wilde, Oscar, 161
 WST currency code, 263
- X**
 XAF currency code, 257
 XAG currency code, 26
 XAU currency code, 26
 XCD currency code, 255
 XE.com web site, 273–274
 Xencraft.com web site, 274
 XPD currency code, 26
 XPF currency code, 254
 XPT currency code, 26
- Y**
 Year average, 201
 Yen. *See* JPY currency code
 YER currency code, 266
 Year-to-date translation, 201–208
 Yuan. *See* CNY currency code
- Z**
 ZAR currency code, 16, 264
 Zhou Xiaochuan, 4
 ZMK currency code, 266
 ZWD currency code, 266

<http://www.pbookshop.com>

<http://www.pbookshop.com>