**Revaluation of Foreign Currency Balances – Storyboard (Draft 1) for Review**

Notes for Reviewers:

* Please focus on the **accuracy** and **completeness** of the content during this review cycle. “Page breaks” for the online course will be adjusted after the content is edited.
* Questions for reviewers are indicated with green highlighting. All questions will need to be resolved before programming can begin.
* Remember, the text in the left column will be narrated audio.
  + There will be “connecting” words and phrases that would not appear in a written procedure. If the wording seems awkward to you, try reading the text aloud to see how it fits, then make changes if it still seems necessary.
  + Formatting is merely to aid the voiceover talent: remember, learners will hear – not see – this text.
  + Capitalization is not important in the left column, but is very important in the next column, “Visual/Display.”
* Use the Table of Contents on the next page for ease of navigation.
* Optional Tip: Hiding the top and bottom margins of this document (double-clicking between the pages to “Hide/Show White Space”) will enable you to go through the storyboard more smoothly.

**Clickable Table of Contents for this Storyboard**

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| **Sc. #** | **Audio / Voiceover** | **Visual / Display / Interaction** | **Notes** |
| --- | --- | --- | --- |
| 1 | Course Introduction Welcome to the Revaluation of Foreign Currency Balances course. This course will provide an overview of what revaluation is and how and why it is performed.  Within the course, you will review the answers to these questions:   * What is Functional Currency? * What is Revaluation? * Why is Revaluation Required? * How does Oracle Perform Revaluation? * What are Foreign Currency (FX) Stranded Balances and What is their Impact? * What are the Site Owner’s and SSC’s Responsibilities? * Where Can I Get Help & More Information?   If you need to exit before you complete this course, you'll be able to resume right where you left off when you return.  It should take you about 15 minutes to go straight through the course. | Stock photo (small) of money in various foreign currencies or at least one foreign currency  **On-screen text** (timed with audio):  **Revaluation of Foreign Currency Balances**  This course answers these questions:   * What is Functional Currency? * What is Revaluation? * Why is Revaluation Required? * How does Oracle Perform Revaluation? * What are Foreign Currency (FX) Stranded Balances and What is their Impact? * What are the Site Owner’s and SSC’s Responsibilities? * Where Can I Get Help & More Information? |  |
| 2 | What is Functional Currency? In order to better understand revaluation, you must first understand the concept of functional currency and why it is important. The financial records of each X site are maintained in functional currency, which is the currency of the primary economic environment in which that site operates. For most X locations, the functional currency is the currency of the country in which it is located, or the local currency.  However, individual transactions for the site may be conducted in multiple currencies OTHER than the functional currency. Examples include making purchases from foreign suppliers or selling to foreign customers in currency other than the functional currency. This is considered non-functional currency. | On the left side of the screen, **on-screen text** (timed with audio in first paragraph):  **What is Functional Currency?** (title)  Functional Currency (in a larger font)  Currency of the primary economic environment in which that site operates  Non-functional currency (in a larger font)  Any currency other than the functional currency (in a smaller font)  Right side of screen:  Show image of a map with a point in the United States highlighted with a marker. Next the words “Site Location” and ‘$’.  Then, keep previous marker from above and highlight 2 other points on the map in 2 other countries. Next to each point would be the currency symbol for that country. One example would be a European country like Germany with the Euro symbol. Have a 2-way arrow going from the US “site location” to each of these points to exemplify transactions occurring between those locations. |  |
| 3 | What is Revaluation? Let’s take a look now at what revaluation is and how functional currency plays a role.  At the end of the month, all currency must be in the functional currency. Revaluation is the activity of re-measuring non-functional currency balances using the month end exchange rate, to convert them to the site’s functional currency.  The converted foreign currency balances feed into the functional currency balance | **On-screen text** (timed with audio and shown as sentence “fragments” for emphasis)  **What is Revaluation?** (title)  Revaluation is..  …the activity of re-measuring non-functional currency balances…  …using the month-end exchange rate…  …to convert them to the site’s functional currency. |  |
| 4 | Why is Revaluation Required? The Financial Policy U-2 states that “All locations, or sites, with transactions denominated in other than their functional currency (normally local) must re-measure those balances into foreign currency.”  The U-2 policy ensures proper financial statement representation on both the Profit & Loss Statement, by recording the exchange gain or loss, and on the balance sheet, by restating the balance as the month end exchange rate.  X Treasury also uses these foreign currency balances as the basis for foreign currency hedging actions. Reliable foreign currency balances are critical for these reasons. | Show screenshot/image a part of the page that shows the Financial Policy U-2 (with the part of the policy in quotes to the left readable on the screen)  **On-screen text** (timed with audio):  **Why is Revaluation Required?** (title)   * It ensures proper financial statement representation on the Profit & Loss Statement and the Balance Sheet * Foreign currency balances are used as basis for foreign currency hedging actions |  |
| 5 | Knowledge Check Let’s pause for a quick knowledge check. Answer the following question to check your learning. | **Knowledge Check**  Foreign currency balances in Oracle are used to:   1. Perform month-end revaluation of foreign balances in compliance with policy U-2 2. Support Treasury foreign currency hedging action 3. Both   [Correct answer is C]  Feedback: (Show correct answers) Both answers are correct. |  |
| 6 | How Does Oracle Perform Revaluation? Now that you know what revaluation is and why it’s important, let’s take a closer look at how Oracle performs revaluation.  Transaction amounts are entered into Oracle in the transaction currency, referred to as the “entered” amount. Foreign currency transactions are converted to the functional currency of the site ledger by applying the foreign exchange rate effective for the transaction date and referred to as the “converted” currency.  Upon entering a journal entry and inputting the FX rate, the “converted” amount is calculated and posted to the General Ledger in the functional currency. “Entered” transaction amounts reside in the Oracle tables and are used to perform revaluation at month end.  The revaluation job is executed in Oracle by the shared service centers during the month end close. The job records the the impact to Exchange Gain or Loss, and restating the functional balance of accounts pre-selected for revaluation.  The revaluation entry is calculated in Oracle using the “entered” amount converted to the new month end rate, then recording the Exchange Gain or Loss compared to the foreign exchange rate effective for the transaction date. | Show a table with an “Entered” column and a “Converted” column. Place “500” and the euro symbol in the Entered column and then $625 in the Converted column and time the animation with the 2nd paragraph. (X: Please provide a sample for the developer)  Then, show a graphic of a general ledger with the $625 to depict the $625 in functional currency being posted to it. The rest of the General Ledger can be illegible as it’s just for illustrative purposes.  **On-screen text** (timed with audio and animation above):  **How Does Oracle Perform Revaluation?** (title)   1. Transaction amounts are entered in the transaction currency 2. Foreign currency transactions are converted to the functional currency of the site by applying the foreign exchange rate 3. Converted amount is posted to the General ledger in the functional currency and the “entered” transaction amounts reside in the Oracle tables 4. Revaluation is performed at month end, recording the impact to Exchange Gain or Loss and restating functional balance of accounts pre-selected for revaluation |  |
| 7 | What are Foreign Currency Stranded Balances? In the process of revaluating currency balances, stranded balances may be generated. There are two fundamental reasons why this may happen. When a foreign currency is entered in different currencies during the full processing cycle, foreign balances are stranded. Also, when different foreign exchange rates are used for manual journal entries in connection with a foreign currency amount, “converted” balances are stranded.  FX Stranded Balances is the term used to refer to both.  Let’s take a look at each of stranded balance and the impact they have. | Show another stock image of foreign currency, different from the one used previously  **On-screen text** (timed with audio):  **What are Foreign currency Stranded Balances?** (title)  (Left side of screen) 1. When a foreign currency journal entry is entered or removed in **different currencies during the full processing cycle**, foreign balances are stranded.  (Right side of screen) 2. When **different foreign exchange rates are used for manual journal entries** in connection with a foreign currency amount, “converted” balances are stranded.  **FX Stranded Balances** is the term used to refer to both. (near the bottom of the screen, centered) | There could be a point of confusion here from slides 7-11 where we talk about Foreign Currency Stranded Balances. The concept as a whole is referred to as “Foreign Currency, or FX, Stranded Balances”. There are two types, and one of the types is also a “Foreign Currency Stranded Balance” (with the other being “converted”), yet slide 7 makes it very clear that BOTH types are called “FX Stranded Balances.” It may be confusing that the overall concept AND one of the types within it both have the same name. Maybe not, but I just wanted to point it out just in case. |
| 8 | What is the Impact of FX Stranded Balances? Incorrect foreign currency amounts become “stranded balances” in the Oracle “entered” tables. When revaluation is performed on Foreign Currency stranded balances, the difference between the previous financial currency value and the new value is recorded to unrealized FX Gain or Loss, which causes the financial statements to be mis-stated. Accounts are either over- or under-valued on the Balance Sheet and FX Gain or Loss is incorrectly recorded to the P&L.  “Converted” stranded balances may indicate mis-stated financial results if further investigation does not uncover a correction made in the functional currency. | Stock image(s) with different currency symbols  **On-screen text** centered on the screen(timed with audio):  **What is the Impact of Stranded Balances?** (title)   * The difference between previous and new currency value is recorded to unrealized FX gain or loss * Mis-stated financial statements when revaluation is performed * Accounts are over- or under-valued on the balance sheet * FX Gain or Loss is incorrectly recorded in the P&L   (Shaded box at the bottom or to the right of the screen with text below inside)  There is no natural transaction to remove stranded balances. **Investigation and correcting manual entries** are required. |  |
| 9 | Investigation and Clean-Up of Stranded Balances SSC assists the ledger owner with investigation and cleanup of these stranded balances. Because the FX balances are stranded, there are no naturally occurring transactions that will remove them, so rework in the form of investigation and correcting manual entries is required. There is no P&L impact if the correction has already been made in the functional currency.  Best practice is to use only automatic reversing entries so that Oracle automatically reverses the accrual using the same FX rate. For the steps to create a reversing entry, refer to the UPK “Create and Post a Reversing Journal Entry” (include link | **On-screen text** (timed with audio):  **Investigation and Clean-Up of Stranded Balances** (title)  SSC assists the ledger owner with investigation and clean up (slightly bigger font than bullets below)   * No naturally occurring transactions to remove stranded balances * Rework in the form of *investigation* and *correcting manual entries* is required * No P&L impact if correction has been made in functional currency   (Shaded box at the bottom of the screen with the following on-screen text – timed with audio)  Best practice is to only use **automatic reversing entries.** (bigger font than bullets) | Link for UPK  http://upk-prod1.tcc.etn.com:8787/EN\_R12Fin/index.html?Guid=ce2cc0fd-82b2-4c95-a4aa-2dc6bc3143dd) |
| 10 | Example: Foreign Currency Stranded Balance To make these concepts clear, let’s take a look at an example. In this example, a manual accrual was made for 500 euros in June. You can see this in the chart shown here. Going left to right the Trade Payables account shows a PTD entered amount of 500 euros.  However, the site functional currency is in US dollars. The FX rate on the journal entry date is US $1.25 per euro. So, $625 US dollars is the amount posted to Trade Payables in the PTD converted column.  Since this is the first entry to the account, the amounts are repeated in the YTD entered and converted columns.  In July, another manual entry is made to reverse the June accrual, but instead of reversing it in the same “entered” currency, it is reversed in the functional currency equivalent amount of negative $625 US dollars. This is shown in the PTD entered column for July. The same amount, $625, appears in the PTD converted column for July, because US dollars are the functional currency of the site ledger. The same amounts are then repeated in the YTD columns.  The converted amounts in the PTD converted columns are in the functional currency, so they net to zero as intended. However, the individual entered amounts are incorrect. A foreign currency balance of 500 euros is stranded because there will be no more entries made to remove this account, unless it is detected and removed.  If the account is identified for revaluation, the 500 euros is a stranded foreign currency balance that will be erroneously restated at month end to the new month end FX rate, causing Trade Payables to be over or understated depending on the movement in the FX rate, thus recording an unrealized FX gain or loss to the P&L. | Show example table on slide 1 of PPT deck with the gray note below it.  As each entry is mentioned in the audio, highlight that box in the table with a red box and have it go away when the audio moves on. When you get to the last entry, the “stranded balance” of 500 in the YTD Entered column, use text like the text in the slide to identify that entry as a Foreign Currency Stranded Balance.  **On-screen text** (timed with audio):  **Example: Foreign Currency Stranded Balance** (title) |  |
| 11 | Example: Converted Stranded Balance The next example is of a “converted” stranded balance. Let’s say that in July, a manual accrual is made for 5000 pesos. The site functional currency is US dollars and the FX rate at the time of the manual journal entry is $.075 US dollars per peso. Going left to right on the chart showing the Trade Payable account, you can see 5000 pesos entered in the PTD entered column. The converted amount using the $.075 FX rate is $375 US dollars, so this is entered into the PTD converted column. Just as in the last example, these are the first entries to the account, so the amounts are repeated in the YTD columns.  In July, the manual entry is reversed. The foreign currency “entered” amount has been properly cleared. However, instead of reversing them with the same FX rate, it is reversed using the new month end FX rate of $0.08 US dollars per peso. The converted amount using this new FX rate, $400 US dollars, is then entered in the PTD converted column.  That leaves a stranded balance of $25. We can see this because it has no corresponding Foreign Currency balance in the Peso YTD entered column. This is a problem because the Trade Payable and corresponding expense are understated by $25.  Accrual reversals should be made using the same exchange rate as the original accrual. Automatic reversing entries prevent use of an exchange rate that is different from the original accrual entry. | Show example table on slide 2 of the PPT deck.  As each entry is mentioned in the audio, highlight that box in the table with a red box and have it go away when the audio moves on. When you get to the last entry, the “stranded balance” of (25) in the YTD Converted column, use text like the text in the slide to identify that entry as a “Converted” Stranded Balance.  **On-screen text** (timed with audio):  **Example: Converted Stranded Balance** (title)  (Below table) Accrual reversals should be made using the *same exchange rate as the original accrual*. **Automatic reversing entries** prevent use of an exchange rate that is different from the original accrual entry. |  |
| 12 | Knowledge Check We have arrived at another Knowledge Check. Answer the following question to check your learning. | **Knowledge Check**  FX stranded balances can be caused by:   1. Entering a transaction in different currencies during the full processing cycle 2. Using different foreign exchange rates to reverse a previous manual accrual entry 3. Both   [CORRECT: C]  Feedback:  Both are correct. |  |
| 13 | What are the Site Owner’s and SSC’s Responsibilities? This chart outlines the revaluation month end process steps and the responsibilities involved with each step. Read through the chart to learn more about the responsibilities of the site owner and the SSC. | Show chart on slide 3 of the PPT deck (2 ‘columns’ of boxes with the steps - Manage, Monitor, etc. - in the middle). It can be shown a different way, depending on what fits on the screen, but the idea is to show each step in the middle and the responsibilities of each role during each step on each side.  **On-screen text** (timed with audio):  **What are the Site Owner’s and SSC’s Responsibilities** (title)  The rest of the on-screen text would be the text on the slide. |  |
| 14 | How do I Perform Site Responsibilities? There are UPKs available to help you in the UPK library at the link you see here. Job aids are available on the Global Shared Service Center website. | **On-screen text** (timed with audio)  **How do I Perform Site Responsibilities?** (title)  UPKs (on left side of the screen with screenshot above it of UPK webpage – needs to be provided by client)  Job Aids (on right side of screen with screenshot above it of Job Aids webpage – needs to be provided by client) | UPK library link  SSC Web Site: |
| 15 | Conclusion In this course, the following questions have been answered:   * What is revaluation and why it is required? * How does Oracle perform revaluation? * What are foreign currency, or FX, stranded balances and what is their impact?, and * What are the site owner’s and SSC’s responsibilities?   Consult the applicable UPKs and any related job aids if you need detailed instructions.  This concludes the Revaluation of Foreign Currency Balances course.  To Exit the course, click the **Close** button at the top right of the window. | Same stock image of foreign currency that was displayed on the first “Introduction” slide  **On-screen text** (timed with audio):  In this course, the following questions have been answered:   * What is Revaluation and Why it is Required? * How does Oracle Perform Revaluation? * What are Foreign Currency, or FX, Stranded Balances and What is their Impact? * What are the Site Owner’s and SSC’s Responsibilities?   This concludes the Revaluation of Foreign Currency Balances course. |  |