

NetSuite Currency Revaluation: FX Gains & Month-End Setup

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Executive Summary

This comprehensive report examines Oracle NetSuite's multi-currency revaluation functionality, including the handling of foreign exchange (FX) gains and losses, the required system setup, and the [month-end revaluation process](#). As businesses increasingly operate globally, multi-currency accounting has become essential. Standards such as IAS 21/IFRS 21 [Effects of Changes in Foreign Exchange Rates] require that foreign-currency monetary items be remeasured at each balance-sheet date using closing exchange rates, with resulting currency exchange differences recognized in profit or loss (Source: [ifrscommunity.com](#)) (Source: [ifrscommunity.com](#)). NetSuite – particularly its OneWorld edition for multi-entity organizations – provides integrated automation for these requirements. When properly configured, NetSuite automatically calculates realized FX gains or losses on settled transactions (e.g. applying a payment to an invoice) and generates unrealized revaluation adjustments for open (unsettled) foreign-currency balances at period end (Source: [docs.oracle.com](#)) (Source: [docs.oracle.com](#)).

The report covers the historical and regulatory context for foreign-currency revaluation, details NetSuite's multicurrency features and setup of relevant accounts and preferences, and explains the step-by-step month-end revaluation process. We distinguish **realized** FX gains/losses (recognized when transactions settle and exchange rates differ from the original) from **unrealized** gains/losses (arising from periodic remeasurement of open balances). For example, an invoice denominated in EUR will be recorded at the spot rate on the transaction date, but if the reporting currency is USD, its USD value will change as exchange rates move; NetSuite computes any FX variance. Realized variances (when the invoice is paid) hit the *Realized Gain/Loss* account, while open transactions are revalued at month-end and the variances hit the *Unrealized Gain/Loss* account (with entries reversed in the following period) (Source: [www.highspring.com](#)) (Source: [www.highspring.com](#)). Default NetSuite accounts and rules for these variances are automatically created upon enabling multi-currency (Source: [docs.oracle.com](#)), though administrators can configure custom mapping if desired.

We also examine NetSuite's [Multi-Book Accounting](#) extension, which allows separate “books” (ledgers) for different accounting standards or functional currencies. In a multi-book environment, foreign-currency revaluation is performed within each book using the local base currency, potentially resulting in multiple parallel revaluation entries (Source: [docs.oracle.com](#)) (Source: [www.houseblend.io](#)). NetSuite supports reporting in

different currencies per book and automatically handles consolidated exchange rates (Source: www.accordion.com). Finally, we present case-study observations and expert commentary on best practices (e.g. locking periods before revaluation and verifying classification values for matching) and discuss future trends (such as IFRS amendments and automation) affecting global currency accounting.

Throughout, this report provides detailed technical explanations, illustrative examples, and reference data. Tables summarize key concepts (e.g. default revaluation accounts and distinctions between realized vs. unrealized revaluation). All assertions and recommendations are backed by official documentation, financial standards guidance, and authoritative analyses (Source: docs.oracle.com) (Source: www.highspring.com) (Source: ifrscommunity.com) (Source: www.houseblend.io).

Introduction and Background

As business has globalized, companies routinely transact in multiple currencies – for sales, purchases, loans, or [intercompany transfers](#). This complexity necessitates an accounting system capable of tracking foreign-currency transactions and complying with standards like **IAS 21/IFRS 21** or **ASC 830 (US GAAP)**. According to IFRS Community, **IAS 21** (“The Effects of Changes in Foreign Exchange Rates”) requires that foreign-currency *monetary* assets and liabilities (e.g. receivables, payables, loans) be retranslated into the entity’s functional (reporting) currency at each reporting date using the **closing exchange rate** (Source: ifrscommunity.com). Exchange differences arising from this retranslation are recognized immediately in profit or loss (P&L) for the period (Source: ifrscommunity.com) (Source: ifrscommunity.com). In contrast, *non-monetary* items at historical cost remain at their original exchange rate (Source: ifrscommunity.com). The parent company’s consolidated statements may also involve translating subsidiaries’ functional-currency statements into a group presentation currency, producing a Cumulative Translation Adjustment (CTA) in equity, but that is handled separately in [consolidation](#).

NetSuite’s OneWorld platform natively supports over 190 currencies with automated daily exchange-rate updates (Source: www.accordion.com). When the **Multi-Currency** feature is enabled (via *Setup > Accounting > Accounting Preferences*), NetSuite allows the assignment of a functional (base) currency per subsidiary and multiple operational currencies for transactions (Source: www.accordion.com). Each subsidiary maintains its own base currency (equivalent to the entity’s functional currency under accounting standards), and subsidiaries can transact in any enabled currency. NetSuite records each transaction in both the transaction currency and the subsidiary’s base currency, using one of several exchange-rate types (e.g. **spot, average**, etc.) (Source: www.highspring.com).

Because currency rates fluctuate daily, carrying balances in foreign currencies leads to timing differences between the original booking and the end-of-period valuation. Without revaluation, financial reports in the base currency would not reflect the economic reality of FX gains or losses. Regulatory guidance (IAS 21/ASC 830) mandates periodic remeasurement of open foreign-currency balances to capture unrealized FX effects. In practice, accounting teams typically run a month-end or year-end “currency revaluation” process to generate these adjustments.

Historically, many organizations managed multi-currency revaluation with manual spreadsheets, risking errors. As one industry analyst notes, manual exchange-rate updates and ad-hoc journals can dramatically increase [close-cycle time](#) and risk (Source: www.gogravity.com). In contrast, integrated ERP systems like NetSuite automate most of these steps, once configured properly. NetSuite’s built-in currency management features – including **Automated Exchange Rate Integration** and **Foreign Currency Revaluation** – can greatly reduce the manual workload. However, they require correct initial setup and adherence to period-close procedures (Source: docs.oracle.com) (Source: www.gogravity.com).

This report will delve into NetSuite’s foreign-currency handling and revaluation logic in detail. We first review the relevant NetSuite features and necessary configuration. Next, we explain how NetSuite calculates FX gains and losses (both realized and unrealized), with attention to how transactions and accounts are treated. We then document the month-end revaluation process step-by-step. Examples and tables illustrate the mechanics. Extensions such as Multi-Book Accounting (supporting dual GAAP/IFRS reporting) are also discussed. Finally, we summarize practical considerations and future trends, such as implications of new accounting standards and automation.

NetSuite Multi-Currency Architecture and Setup

Enabling Multi-Currency

In NetSuite, the **Multi-Currency** feature is enabled at the account level. To allow transactions in more than one currency, an administrator must navigate to *Setup > Company > Enable Features* (or *Accounting > Accounting Preferences* in older versions) and check **Allow Multi-Currency** (Source: www.linkedin.com). Upon enabling, NetSuite automatically adds system accounts to track exchange variance (see below) and enables the maintenance of currency exchange rates. NetSuite supports integration with rate providers (e.g. **Xignite, Refinitiv**) for daily automatic rates, but rates can also be entered manually or imported (Source: www.accordion.com). It is common to use a daily spot rate (with support for historical or average-rate types) to ensure up-to-date revaluation.

Each subsidiary in a NetSuite OneWorld deployment is assigned a **base (functional) currency**, which under IFRS/GAAP corresponds to its functional currency. Transactions entered for that subsidiary default to the base currency unless otherwise specified. However, allowances are made to transact in multiple currencies. On *Customer, Vendor, or Employee* records, one can attach additional “transactional” currencies if needed. For example, a vendor can be added with multiple currencies; when entering a bill, that vendor may use any of its configured currencies (Source: www.accordion.com). This flexibility means your company can pay or receive funds in a vendor’s or customer’s preferred currency as long as that currency is enabled globally in the system.

Accounts in the general ledger must be set up thoughtfully for multi-currency. Bank and credit-card accounts in NetSuite are single-currency by design (each one is assigned one currency). Other account types (like AP, AR, Other Current Asset/Liability, etc.) can optionally store balances in multiple currencies. For multi-currency accounts, the accounting period activities are stored in each transaction currency and translated to the account’s base currency for reporting. NetSuite requires you to designate which accounts should be revalued during the month-end revaluation process. In the Chart of Accounts, each account record has a **Revalue Open Balance for Foreign Currency Transactions** checkbox. If checked, that balance-sheet account will be included for revaluation (Source: docs.oracle.com). (By default, Accounts Receivable, Accounts Payable, and Unbilled Receivables are marked as revaluable and cannot be unchecked (Source: docs.oracle.com); these are automatically included because AR/AP balances are inherently foreign when invoices exist.) Other asset/liability accounts (e.g. fixed assets, other current assets/liabilities) can be flagged as needed: for example, if you have intercompany loan accounts or petty cash in foreign currency, you would check those to ensure their balances get revalued (Source: docs.oracle.com).

When Multi-Currency is enabled, NetSuite **automatically** creates several default accounts to accumulate FX variance:

- **Realized Gain/Loss** account – for gains or losses on settled transactions (see below) (Source: docs.oracle.com).
- **Unrealized Gain/Loss** account – for gains or losses from period-end revaluation of open (unsettled) balances (Source: docs.oracle.com).
- **Unrealized Matching Gain/Loss** – for timing differences on certain cash applications (e.g. delays between receipt and deposit) (Source: docs.oracle.com).
- **Rounding Gain/Loss** – for small FX differences that arise from currency rounding when applying payments (Source: docs.oracle.com).

These variance accounts are classified in NetSuite’s Chart of Accounts and will appear on reports and account registers (the system also offers Realized/Unrealized FX Variance detail reports). Firms may leave NetSuite’s standard accounts in place, or use the **Foreign Currency Variance Mapping** feature to direct variance entries into alternative (perhaps more granular) accounts if desired (Source: docs.oracle.com). For example, some companies map realized FX gains to a specific income account and unrealized to an expense account, following their internal policy. If no mapping is defined, **NetSuite posts FX variances to the default accounts listed above** (Source: docs.oracle.com).

Exchange Rate Types

NetSuite allows defining multiple **exchange rate types** (e.g. “Corporate Spot”, “Corporate Average”, “Local Statutory”) so that different parts of the business can use different rate sources. When you run revaluation, NetSuite applies the default exchange rate type (which you set in *Set Up > Accounting > Accounting Preferences*). Typically, companies specify one exchange rate type for translation of balance-sheet accounts (often a spot rate as of period-end) and another for income-statement conversion (often a monthly average). NetSuite’s currency table can store these rates per date, currency pair, and rate type. This flexibility aligns with accounting standards’ allowance of average versus spot rates, as long as the method is consistently applied (e.g. IAS 21 permits use of a monthly average rate for transactions that occur evenly through a period (Source: ifrscommunity.com)).

Multi-Book Accounting

For companies that must report under multiple accounting standards (e.g. US GAAP and IFRS, or different local GAAPs), NetSuite offers a **Multi-Book Accounting** feature (available only in OneWorld) (Source: docs.oracle.com). In multi-book mode, each subsidiary can have one or more “books” – primary (usually the legal/SEC book) and secondary (e.g. IFRS, local GAAP, tax, or special reporting books). Each book has its own base currency, fiscal calendar, and posting rules, but transactions entered in the primary book automatically flow into secondary books. Multi-book accounting will be discussed in more detail later, especially its effect on FX revaluation.

NetSuite’s Currency Revaluation Accounts

NetSuite’s standard setup creates or uses the following key accounts for FX variance tracking (Source: docs.oracle.com):

VARIANCE ACCOUNT	PURPOSE / TRIGGER
Realized Gain/Loss	Records FX gain or loss when a closed transaction pair is settled (e.g. invoice paid in currency with a different rate than it was invoiced). NetSuite automatically posts here upon payment/receipt application if exchange rate has changed (Source: docs.oracle.com).
Unrealized Gain/Loss	Records FX gain or loss from period-end revaluation of open foreign-currency balances (e.g. outstanding receivables/payables, accounts flagged for revaluation) (Source: docs.oracle.com) (Source: docs.oracle.com). Generated by the <i>Revalue Open Currency Balances</i> process.
Unrealized Matching G/L	Captures FX variances on matching items, such as when funds are deposited on a date different from the original transaction date. Also used for "base currency adjustments" when partially related to timing (Source: docs.oracle.com).
Rounding Gain/Loss	Captures small differences due to rounding when transactions in different currencies are applied. For example, partial payments that leave residual cents lead to a rounding gain or loss (Source: docs.oracle.com).

These variance accounts are typically set up as non-posting accounts (subtype *Other Income/Expense* or *Other Current Liability*, etc.) in the COA. This ensures FX gains/losses are visible on the income statement or balance sheet appropriately. Companies should verify that these accounts have correct classifications (for example, ensure *Realized Gain/Loss* is marked as other income/expense).

The FX variance accounts accumulate net changes over time. For open balances (unrealized revaluations), each period-end revaluation posts a balancing journal, usually reversing in the next period (so that net effect on retained earnings is zero until the transaction settles). Realized variances, however, permanently adjust income when settlements occur. (See the later section "*Realized vs. Unrealized FX Gains/Losses*" for details.)

After enabling multi-currency, review the Chart of Accounts. You can navigate to **Lists > Accounting > Accounts** and locate the system-generated variance accounts (they may be grouped under *FX Gain/Loss* or similar). If desired, rename or reclassify them per your naming conventions. For example, some companies call *Realized Gain/Loss* "FX Gain/Loss – Realized" and *Unrealized Gain/Loss* "FX Gain/Loss – Unrealized", to clearly separate them from operational income/expense.

Account-Level Revaluation Settings

NetSuite's revaluation process can only include accounts that are marked for revaluation. In each account record (accessed via *Lists > Accounting > Accounts*), there is a box "**Revalue Open Balance for Foreign Currency Transactions**". Checking this box allows that account's balances to be revalued on the Month-End Currency Revaluation page. The default settings for account types are as follows (Source: docs.oracle.com):

ACCOUNT TYPE	REVALUABLE?	DEFAULT SETTING
Accounts Receivable (AR), Accounts Payable (AP), Unbilled Receivable	Yes (always)	<i>Checked</i> (not editable) (Source: docs.oracle.com)
Bank, Credit Card, Long-Term Liability, Other Current Liability	Yes	<i>Checked</i>
Fixed Asset, Other Current Asset, Other Asset, Deferred Revenue, Deferred Expense	Yes	<i>Clear</i>
Equity (Retained Earnings, Capital, etc.)	No	<i>N/A</i> (never revalued)

AR and AP accounts are always included in revaluation by default (and cannot be unchecked) because their underlying transactions typically carry foreign currency. Other balance-sheet accounts (assets and liabilities) may be revalued or not depending on whether they hold foreign-currency transactions. For example, a *Fixed Asset* denominated in Euros in a USD subsidiary would be revalued if its *Revalue Open Balance* box is checked (Source: docs.oracle.com). If left unchecked, no revaluation entry will be made for that account, which effectively treats it as non-monetary (historical in IFRS terms).

As a best practice, review and flag all balance-sheet accounts that might have foreign-currency denominated balances. This usually includes:

- **AR/AP accounts** (always flagged by default).
- **Other Current Assets/Liabilities** (e.g. prepaid expenses, accrued liabilities) if any transactions can be in foreign currency.
- **Loan or Intercompany accounts** containing foreign debt balances.
- **Fixed Asset accounts** if assets are acquired in a foreign currency (note: IFRS would normally *not* revalue a PPE asset at each period-end – only its depreciation remains monetary, whereas the asset's purchase price is fixed, but many companies still revalue the book value for information).
- **Other Payables/Receivables** like payroll accruals owed in another currency.

In summary, the account setup stage involves enabling multi-currency, configuring exchange rate sources, ensuring each subsidiary has the correct base currency, and designating which GL accounts should be revalued. With this groundwork, the system is ready to automatically handle currency remeasurement once transactions are recorded and the revaluation process is run.

FX Gains and Losses in NetSuite

NetSuite automatically handles two categories of currency exchange variances:

- **Realized Gains/Losses** – triggered at the moment an open foreign-currency transaction is *settled*.
- **Unrealized Gains/Losses** – calculated at period-end on remaining open foreign-currency balances.

Both types impact the income statement, but in different timing. NetSuite's documentation and expert analyses distinguish them as follows:

Realized Gains/Losses

A **realized gain or loss** occurs when a foreign-currency transaction is closed by a payment or credit. For example, suppose a UK subsidiary invoices a UK customer £1,000 on 1 Jan. The exchange rate on that date is 1 EU to 0.8 GBP (so functional currency is EUR). The invoice's EUR value is €1,250. If the customer pays the invoice on 15 Jan, but the GBP/EUR rate has moved, an FX variance arises. NetSuite will automatically compute and post that difference.

Concretely, NetSuite stores the base-currency equivalent of each transaction at its original rate, and then compares it to the equivalent at the payment's rate. The formula is effectively:

$$\text{Realized FX} = (\text{PaymentAmt} \times \text{PaymentRate}) - (\text{InvoiceAmt} \times \text{InvoiceRate}).$$

If the result is positive, it's an FX **gain** (base currency received is greater than originally recorded); if negative, it's an FX **loss**. NetSuite posts a journal entry to the *Realized Gain/Loss* account for this amount (Source: docs.oracle.com). This happens automatically as part of the payment-application process and requires no manual revaluation entry by the user. For example, if our £1,000 invoice (€1,250) is paid when the rate has become 1 GBP = 0.75 EUR, the payment generates €1,333; the realized gain would be €83 (posted to Realized G/L).

As noted by Highspring Consulting, "Realized gain or loss happens when a cash transaction is applied to an open invoice... When the exchange rate of the cash transaction differs from the opening transaction's exchange rate, NetSuite ... multiplies the transaction amounts to calculate the realized gain or loss" (Source: www.highspring.com). NetSuite treats this as a posting transaction affecting P&L immediately (Source: www.highspring.com). Importantly, **realized FX entries are not reversed** in the next period – they permanently recognize the gain/loss for that settlement. A Reconciliation Report (Realized Gain/Loss Report) is available to show all such variances by transaction (Source: www.highspring.com).

Unrealized Gains/Losses

By contrast, an **unrealized gain or loss** is recognized for any *open* foreign-currency balances at period end (typically month-end). These are "paper" gains or losses – adjustments needed for reporting, not triggered by actual cash flows.

Under IAS 21/ASC 830, all monetary items (including open AR, open AP, foreign-currency-denominated balance-sheet accounts) are remeasured at each reporting date using the closing rate (Source: ifrscommunity.com). NetSuite automates this via the *Revalue Open Currency Balances* process (and optionally via the Period Close Checklist). When you run this process, NetSuite scans all selected open transactions and accounts of the chosen subsidiary, compares the month-end rate to the rate originally used by each transaction, and computes the FX effect for the remaining balances.

Specifically, for each open invoice, bill, expense, or flagged account balance, the system performs:

$$\text{Unrealized FX} = (\text{EndingBalance} \times \text{EndingRate}) - (\text{EndingBalance} \times \text{TransactionRate}).$$

Thus, if an invoice of €1,000 was originally posted at rate 1=1.10 (so base€ = €1,100), and by period-end the rate is 1=1.20, the base value has increased to €1,200 so an unrealized gain of €100 is needed. NetSuite then generates a reversing journal entry moving €100 from the relevant balance-sheet account back into *Unrealized Gain/Loss*. Per the standard, this entry is reversed automatically at the start of the next period (Source: www.highspring.com) so that net effect on the P&L is zero once the period closes (only actual settlements produce real profit/loss).

Highspring Consulting explains: “Unrealized gain or loss happens to all opening transactions... NetSuite will compare the month-end exchange rate and the transaction currency exchange rate to calculate the unrealized gain or loss. This type of currency revaluation transaction is recorded at the end of each month and reversed at the beginning of the following month” (Source: www.highspring.com). In other words, NetSuite posts a *Month-End Revaluation* journal for each such FX adjustment, which by default hits the *Unrealized Gain/Loss* account (unless mappings redirect it). A companion report (**Unrealized Exchange Rate Gains and Losses Report**) lists each revaluation by transaction and account.

Realized vs. Unrealized: Key Differences

A summary of characteristics is helpful (see Table below):

FEATURE	REALIZED FX GAIN/LOSS	UNREALIZED FX GAIN/LOSS (REVALUATION)
Trigger / Event	Occurs when a foreign-currency transaction closes (e.g. payment applied to an invoice, or currency settlement is made) (Source: www.highspring.com).	Occurs at period-end on remaining open FX balances (outstanding invoices, bills, flagged GL accounts) (Source: docs.oracle.com) (Source: www.highspring.com).
Calculation Timing	Immediately on application of payment/receipt (or credit memo) against an invoice. Based on difference between original rate and payment rate.	After period closes (or on-demand before close) by comparing each transaction's original rate vs. closing rate (Source: docs.oracle.com).
Posted Account (default)	<i>Realized Gain/Loss</i> account (income/expense) (Source: docs.oracle.com).	<i>Unrealized Gain/Loss</i> account (income/expense) (Source: docs.oracle.com).
Reversal	Not reversed automatically. It is a permanent recognition of P&L effect (Source: www.highspring.com).	Automatically reversed in the next period (via a reversing entry) (Source: www.highspring.com), since it is a temporary adjustment.
Accounting Impact	Affects P&L for period of settlement. Immediately recognized as gain or loss in revenues/expenses (Source: www.highspring.com).	Affects P&L only temporarily for the current period; net effect rolls off in next period. It ensures accurate monthly reporting.

As this table shows, realized FX gains/losses are tied to actual transactions, whereas unrealized are purely timing entries to produce accurate financial statements. NetSuite automates both: on pay/apply it hits *Realized G/L*, and on period revaluations it hits *Unrealized G/L* (Source: docs.oracle.com) (Source: www.highspring.com). (Rounding differences, as noted earlier, go to *Rounding Gain/Loss* (Source: docs.oracle.com) and are typically small; *Unrealized Matching G/L* is a special case for inter-bank timing adjustments.)

Example Calculation

To illustrate, consider this simplified example in a subsidiary with base currency **USD**. On January 1, Subsidiary A issues an invoice in **EUR** for €10,000. The ECB exchange rate on that date is 1 EUR = 1.05 USD, so the invoice's USD value is \$10,500. At January 31 (end of month), the rate has changed to 1 EUR = 1.10 USD. The open invoice balance remains €10,000.

- **Unrealized Revaluation:** NetSuite compares €10,000 at 1.05 vs 1.10. The new USD value is \$11,000, up from \$10,500, yielding a \$500 unrealized gain. A revaluation journal is prepared: Debit AR (assets rise or AP falls) \$500, Credit *Unrealized Gain/Loss* \$500 (Source: www.highspring.com). At the start of February, NetSuite will automatically reverse this \$500 to reset.

- Realized at Payment:** Suppose the customer pays the €10,000 invoice on Feb 15 when EUR/USD = 1.08. The invoice book value is now \$11,000 (after the Jan accrual). The payment yields \$10,800. Comparing \$10,800 payment vs \$10,500 original, NetSuite records a \$300 FX **loss** on settlement (or \$200 difference from Jan-end value depending on timing). It posts a journal: Debit *Realized Gain/Loss* \$300, Credit AR \$300 (Source: www.highspring.com) (recognizing the loss since the USD received was less than original USD amount).

Thus both unrealized and realized entries reflect the currency movement, posted to different accounts and with different timing.

Table: FX Gain/Loss Accounts and Triggers

ACCOUNT	DEFAULT USE CASE
Realized Gain/Loss Account	Posted to when applying payment/credit to an invoice or bill at a different rate (i.e. closing a transaction). NetSuite posts here automatically for any exchange rate fluctuation between original invoice/bill and its settlement (Source: docs.oracle.com).
Unrealized Gain/Loss Account	Posted to when running the period-end revaluation. NetSuite uses this account for all FX adjustments on open transactions or marked accounts (irreversible) (Source: docs.oracle.com) (Source: docs.oracle.com).
Unrealized Matching G/L Account	Posted to for currency adjustments on deposits or base-currency balances (special cases) (Source: docs.oracle.com).
Rounding Gain/Loss Account	Posted to for any FX differences resulting from rounding when applying payments (Source: docs.oracle.com).

These are NetSuite's **default accounts**. Companies should review their Chart of Accounts to ensure these categories are set up properly. More complex rules (e.g. splitting FX gains between jurisdictions, or reclassifying) can be implemented with **Currency Variance Mapping** rules if needed.

Currency Exchange Rates and Revaluations

An important point is the source and timing of exchange rates NetSuite uses. NetSuite can automatically retrieve daily rates at (approx.) 6 AM each day via an integration (e.g. Xignite) if configured (Source: www.accordion.com). Otherwise, an administrator must input rates via *Transactions > Management > Manage Exchange Rates* or through CSV import. The “**Revalue Open Currency Balances**” process will use the exchange rate effective on the last day of the selected accounting period by default (Source: docs.oracle.com). If the process is run early (before period close), it will use the current date's rates (which is not recommended for final reporting). Thus best practice is to **lock the period** (via *Setup > Accounting > Manage Accounting Periods*) so rates cannot be edited during revaluation, and then run revaluation with the period closed. The help documentation emphasizes: “*Currency revaluation should be part of your month-end close process. If you don't run revaluation at the end of the period, your monthly financial statements may be inaccurate due to missing currency revaluation transactions.*” (Source: docs.oracle.com).

NetSuite also accommodates a feature called **Currency Exchange Rate Types**. If this is enabled, each subsidiary's currency can be associated with a default rate type, and the revaluation process uses the base currency exchange rate type (Source: docs.oracle.com) (Source: docs.oracle.com). Companies often use one rate type for transactions (e.g. Average Rate) and another for revaluation (e.g. Current Rate), but NetSuite can apply the configured default.

Month-End Revaluation Process

The month-end revaluation (or **Open Currency Revaluation**) is a menu-driven process in NetSuite: *Transactions > Financial > Revalue Open Currency Balances* (Source: docs.oracle.com). Only roles with the **Currency Revaluation** permission can run this (which should be part of the period-close checklist for financial roles). The general sequence is:

- Lock the period** to prevent further postings for that month (Source: docs.oracle.com). This ensures consistency of rates and balances.
- Go to *Transactions > Financial > Revalue Open Currency Balances*.
- Select the Subsidiary** (if OneWorld) or Company, and the Accounting Book (if Multi-Book Accounting is used). If multi-book is enabled, you must run revaluation separately for each active book (Source: docs.oracle.com) (Source: docs.oracle.com). A primary (or only) book is always available; secondary books appear in the list as well.

4. **Select the Period/Date** for the revaluation. NetSuite will default to the last day of the last closed period. Confirm the exchange rates in the system (they must be entered up to that date).
5. **Review Options:** NetSuite allows limited filtering (e.g. which account types to include). Typically all “revaluable” accounts and all open AR/AP are included. You can choose the default rate type (if multiple exist).
6. **Calculate Revaluation:** Click the ‘Calculate’ button. NetSuite then computes all FX adjustments but does **not yet post them**. A preview is shown on-screen, listing each transaction or account, its foreign and base balances, the exchange rates, and the calculated GL amount. This report should be carefully reviewed. (NetSuite’s UI shows a *Currency Revaluation (Unrealized Gain/Loss)* page with a grid.)
7. **Verify and Revise:** If anything looks amiss, you can cancel or adjust inputs (e.g. if an exchange rate was wrong, modify it and recalc). At this point no entries have been made to the GL. This step ensures accuracy before posting.
8. **Post Revaluation:** Click ‘Post Revaluation’ to generate the revaluation journal entries in the ledger. NetSuite will create one batch of entries that debits/credits the flagged accounts and the Unrealized G/L account (and matching account on the offset, depending on setup).

After posting, verify in *Transactions > Financial > Make Journal Entries* that a new *FX Revaluation* journal has been created. The new journal typically includes a unique reference mentioning the period and type (e.g. “Revaluation Period Ending 3/31/20X1”). The *Details* subtab within the revaluation transaction shows each individual adjustment (similar to the pre-post report).

It is crucial that **all foreign-currency balances are revalued before finalizing the period**. NetSuite’s help warns that open balances should be flagged, and revaluation run, or else financials will be inaccurate (Source: docs.oracle.com). Also, if **multi-book** is in use, repeat the process for each secondary book (you may have to switch to *Transactions > Financial > Revalue Open Currency Balances* again and select the next book).

Revaluation Journal Entries

The result of posting is one or more GL journals. Each affected account (e.g. a foreign AR account) sees a debit/credit offset by the Unrealized G/L account. For example, if measuring gain, the Unrealized G/L account is credited and AR is debited (reducing the base-currency receivables); for a loss, Unrealized G/L is debited and AR is credited. If multiple currencies or accounts are involved, each line is included.

By default, NetSuite posts to the *Unrealized Gain/Loss* account. If you have defined alternate accounts (via the Variance Mapping feature), those would be used instead (e.g. one could map unrealized FX on assets to one account and on liabilities to another). After posting, the *Unrealized Exchange Rate Gains and Losses* report (pointing to these journals) can be run by period and subsidiary to verify totals (Source: docs.oracle.com).

Most importantly, NetSuite will **automatically create reversing entries** for these journals on the first day of the next period (Source: www.highspring.com). The reversal date and accounts are set by the system (unless you prefer to reverse manually, which is not common). This ensures that the revaluation impact does not carry permanently — it was only a period-end adjustment. The help documentation confirms the auto-reverse behavior: “This type of currency revaluation transaction is recorded at the end of each month and reversed at the beginning of the following month” (Source: www.highspring.com).

If for some reason the period needs to be reopened (e.g. you find an error), NetSuite’s **Revaluation in Reopened Periods** example shows that upon reopening, subsequent revaluations will take into account subsequent changes (Source: docs.oracle.com). If you reopen and adjust, you can simply re-run the revaluation for the affected months and NetSuite will adjust the prior revaluation journals as if recalculating from scratch (Source: docs.oracle.com).

Intercompany and Other Special Cases

One nuance is **eliminations**. If a transaction is inter-company, or if an account is marked for elimination in consolidations, the currency revaluation entries remain posted to the eliminations book and are **not eliminated** (Source: docs.oracle.com). The rationale is that FX gains/losses, even on intercompany balances, affect consolidated financials and should not be wiped out by a basic intercompany elimination.

Another nuance is **classifications (segments)**. NetSuite allows splitting FX revaluations by department, class, location, or custom segment *to match the original transaction classification*, but only if all open transactions have classification data. If you use classifications and want revaluation entries to carry them, ensure all AR/AP etc. have full classification values on the GL impact subtab (Source: docs.oracle.com). If not, the revaluation entry will create a blank or default class/department on the Unrealized G/L account, which may not be desirable.

Finally, note that **exchange rate differences on fully paid transactions do not require revaluation**. Once an invoice is closed (by payment or credit), its foreign currency balance is zero and it does not appear in revaluation. Instead, its variance has already been recognized as a *Realized* gain/loss at settlement (Source: www.highspring.com). Likewise, currency differences on closed asset purchases (if they were one-time items) would not be revalued monthly, though continuing balances (like AR) would.

In summary, the month-end revaluation is a critical control step. It ensures compliance with accounting standards and keeps financial statements accurate. NetSuite's automation (combining transaction records, exchange-rate tables, and GL posting rules) means that, properly run, it will produce a complete and auditable trail of FX adjustments for every period.

NetSuite Multi-Book Currency Revaluation

NetSuite's **Multi-Book Accounting** adds complexity to currency revaluation. In a multi-book setup, each book represents a set of accounting rules – typically, one book per accounting standard (e.g. US GAAP, IFRS or local GAAP) or one per currency. Each book can have its own base currency and exchange rate settings (Source: www.houseblend.io). When re-evaluating FX, NetSuite treats each book separately. The help guide notes that “Foreign currency revaluation extends to secondary pending and active accounting books. Realized gain and loss is calculated for each accounting book” (Source: docs.oracle.com). In practice, this means:

- When *applying payment to an invoice*, if you have multiple books with different base currencies, NetSuite will compute multiple realized gains/losses. For example, [8] gives a scenario: an invoice of £100 is paid in full; if your primary book is GBP (base) and you have secondary books in USD and EUR, the exchange rates differ for each, so NetSuite records a £0 gain in the GBP book, –\$50 in the USD book, and +€10 in the EUR book (Source: docs.oracle.com). Each book posts its own realized variance in its currency.
- For **month-end revaluation**, you must run the revaluation in each book. NetSuite's UI will allow selecting the accounting book, and it will generate unrealized adjustments in that book's base currency (Source: docs.oracle.com). The underlying transactions included are determined by the primary book's subsidiary filter (so transactions on that subsidiary). For each book, NetSuite pulls the relevant exchange rates for that book's base currency and posts entries accordingly. Essentially, each book ends up with its own revaluation entries reflecting currency moves relative to that book's currency.

Multi-Book also handles consolidated (parent-level) books. For example, a consolidation book might be the parent's reporting currency. NetSuite can calculate “consolidated exchange rates” between a subsidiary's base currency and its parent's currency for each period. During revaluation or translation, it will use those rates. In practice, a typical architecture might be:

- Primary book (e.g. IFRS, base currency = local currency of subsidiary).
- Secondary book (e.g. US GAAP, base currency = USD; or IFRS for US parent, base currency USD).
- Consolidation book (currency of corporate HQ, e.g. USD or EUR) used only for roll-up reporting.

Multi-book gives flexibility but demands care. You must ensure exchange rates are maintained for each relevant currency pair and type. Careful testing is advised to confirm that each book's revaluations balance out as expected. As one blog noted, “Foreign currency transactions were recorded in local currency in each book, and NetSuite automatically applied the correct rates per month. Crucially, when U.S. inventory was sold to the French parent, an intercompany sale was eliminated in both books by the same system, honoring the differing accounting treatments” (Source: www.houseblend.io). In summary, multi-book does not change *how* NetSuite calculates FX for a given book, but replicates the process per book (effectively treating each book's base currency scenario separately) (Source: docs.oracle.com) (Source: www.houseblend.io).

Data Analysis and Practical Observations

Real-World Usage and Benefits

Companies implementing NetSuite's multi-currency functionality often report significant improvements in efficiency and accuracy. In one published case, a global SaaS firm with dozens of subsidiaries across 150+ countries noted that NetSuite's multi-currency and consolidation automation “allowed [them] to manage financial operations across 150+ countries seamlessly,” including automated currency updates and conversions (Source: houseblend.io). Another company noted that handling multi-currency transactions and consolidating multiple subsidiaries had been “cumbersome” and error-prone before moving to NetSuite (Source: houseblend.io). In general, integrated systems eliminate the “spreadsheets multiply and manual adjustments increase” problem mentioned by Gogravity: complex multi-currency companies can close faster with standardized revaluation procedures (Source: www.gogravity.com) (Source: www.gogravity.com).

Surveys support the need for robust automation: up to 40% of CFOs report low confidence in financial data due to spreadsheet-driven reconciling (Source: www.houseblend.io). By contrast, systems like NetSuite OneWorld aim to create “one source of truth” with built-in revaluation. The Accordion consulting note emphasizes that NetSuite's multi-currency features (daily rates, customizable revaluation, consolidated rates) improve efficiency and

reduce risk (Source: www.accordion.com) (Source: www.accordion.com). For example, the built-in **Realized/Unrealized G/L Reports** let controllers drill down into currency variances by transaction or period, which previously might have required offline calculations (Source: www.highspring.com) (Source: www.accordion.com).

Common Challenges

However, successful use requires attention to detail. Common pitfalls include:

- **Missing Revaluation Runs:** If a close checklist item (like running revaluation) is skipped, financial statements will miss FX adjustments (Source: docs.oracle.com). Auditors often ask for evidence of these entries.
- **Incorrect Exchange Rates:** If rates are not up-to-date or incorrect on revaluation date, the book value will be wrong. Always verify daily rates for each relevant pair. For multi-book, ensure rates exist for each book's currency.
- **Inconsistent Classification:** As noted, classification segments (department, class, etc.) on AR/AP must be filled to avoid mismatch on revaluation. Otherwise, the revaluation entries may appear unclassified on the variance account.
- **Intercompany Timing:** Payments between subsidiaries in different currencies can create cross-currency effects that need correct intercompany records. NetSuite's Intercompany Transaction feature can help, but users must align on currency accounts too.

Adhering to best practices is key. Highspring recommends that **NetSuite's bank accounts be maintained with treasurers to enable currency integration**, and that the Balance Sheet accounts requiring revaluation be carefully flagged (Source: www.accordion.com). Journals, unbilled receivables, and inventory may need specific attention. Importantly, reconciliation should include verifying that the total FX variance balances out (e.g. sum of unrealized gains = sum of losses on revalued accounts plus any rounding), and reviewing subsidiary to parent translations for CTA consistency.

Case Example

Consider a manufacturing company with subsidiaries in Germany (EUR functional) and the US (USD functional). The parent consolidates to USD. The German subsidiary sells €100,000 worth of goods on Jan 15. On that date, 1 EUR = 1.05 USD, so it books \$105,000 revenue in the German book (EUR base). On Jan 31 end-of-month, EUR has strengthened to 1.10 USD, making the USD value \$110,000. The company runs revaluation for January: the open receivable in Germany is increased by €0 (since the receivable itself is €100k), but in the *Consolidation Book* (USD book) a currency translation adjustment of \$5,000 is recorded to Unrealized Gain/Loss. When payment arrives in February at rate 1.02, the German subsidiary records its realized gain (since €100k was worth more USD at month-end than at payment). Meanwhile, the parent's USD books will recognize the net FX impact under translation rules (likely adjusting Other Comprehensive Income for historical foreign operation balances, though NetSuite handles that in consolidation reports). This scenario illustrates how NetSuite's automatic postings reflect both IFRS/GAAP requirements and actual cash flows.

Implications and Future Directions

Regulatory Landscape: Accounting standards continue to evolve. IAS 21 itself has been under review (e.g. proposals on hyperinflationary economies and nondisclosure exceptions). Any changes to currency translation rules (e.g. new requirements on rate usage or disclosures) would affect how ERP systems like NetSuite must configure revaluation. Meanwhile, increasing use of multiple currencies and blockchains could introduce new complexities (e.g. crypto-asset translations).

Automation and AI: Finance departments are pushing for faster closes and real-time insight. Automated tools, including NetSuite extended by SuiteApps or AI analytics, could further streamline FX management. For example, NetSuite already supports daily rate integration; future integration with AI forecast services could provide scenario analysis of FX trends. However, core compliance—using actual rates to book accurate variances—will remain essential.

Global Trends: With 84%+ of jurisdictions using IFRS (Source: www.houseblend.io) and dozens running multi-currency operations, systems that can handle multiple standards and currencies are vital. NetSuite's Multi-Book strategy (simultaneous IFRS/GAAP) is expected to see wider adoption for global companies (Source: www.houseblend.io) (Source: www.houseblend.io). The concept of “parallel universes” of accounting, fed by one transactional stream, reduces the manual workload and aligns with the push towards integrated business planning.

Looking forward, technology enhancements in NetSuite may address current pain points. For instance, better user interface for reviewing revaluation results, more granular variance-mapping, or direct integration of local statute rates could emerge. On the finance side, as companies adopt near real-time closing, FX revaluation might shift to more frequent intervals (e.g. quarterly or even monthly closes done daily), making system automation even

more critical.

Conclusion

NetSuite's multi-currency and revaluation capabilities provide robust support for the complexities of global finance. By automatically capturing both realized and unrealized FX gains and losses, the platform ensures that companies can comply with IFRS/GAAP requirements and accurately reflect currency movements in their books (Source: docs.oracle.com) (Source: docs.oracle.com). Key takeaways include:

- **Realized vs. Unrealized:** NetSuite distinguishes these via automatic postings on settlement (Realized G/L) vs. a period-end process (Unrealized G/L) (Source: www.highspring.com) (Source: www.highspring.com). Set up default accounts and variance mapping to ensure the correct GL accounts are used.
- **Month-end Routine:** Running the *Revalue Open Currency Balances* routine as part of the close is mandatory. This generates the necessary revaluation journal entries, which are reversed in the new period (Source: docs.oracle.com) (Source: www.highspring.com). Lock periods and confirm rates to avoid errors.
- **System Setup:** Ensure *Multi-Currency* is enabled, exchange rates integrated (if possible), and all relevant accounts flagged for revaluation (Source: docs.oracle.com) (Source: docs.oracle.com). Verify that responsible users have the **Currency Revaluation** permission. For OneWorld customers, maintain correct subsidiary base currencies and consolidated rates (Source: www.accordion.com).
- **Multi-Book Integration:** If one must report in both IFRS and GAAP (or other standards), implement NetSuite's Multi-Book solution. Each book will maintain its own revalued balances (Source: docs.oracle.com), enabling parallel reporting (as studied in the GAAP/IFRS guide) (Source: www.houseblend.io).
- **Controls and Review:** After automation, finance teams should review FX variance reports. NetSuite provides Realized-Unrealized Gains/Losses reports to trace every adjustment back to the original transaction (Source: docs.oracle.com) (Source: www.highspring.com). Discrepancies should be investigated (often due to missing revaluation or rate issues).

In sum, NetSuite's multi-currency functionality, when properly configured and executed, gives multinational organizations an audit-ready, consistent way to handle currency fluctuations. It aligns with accounting standards (e.g. IAS 21, US GAAP) and eliminates much of the manual work. The future will only increase the need for such automation, as global financial reporting becomes more complex. NetSuite's roadmap (as evidenced by recent Continuous Release notes) shows ongoing enhancement of currency features. Companies should stay current with these updates and consider additional training or consulting (as recommended even by Oracle for Multi-Book setups (Source: docs.oracle.com) to maximize benefits.

Properly leveraged, NetSuite OneWorld can turn the onerous task of foreign-currency revaluation into a largely automated process, freeing accounting teams to focus on analysis rather than number-crunching. The ultimate reward is financial statements and consolidation reports that accurately reflect the economic impact of exchange rate movements – an imperative in today's global economy (Source: docs.oracle.com) (Source: ifrscommunity.com).

Sources: This report draws on Oracle/NetSuite's official documentation (Source: docs.oracle.com) (Source: docs.oracle.com), accounting standards commentary (Source: ifrscommunity.com) (Source: ifrscommunity.com), expert blog analysis (Source: www.highspring.com) (Source: www.gogravity.com), and real-world case references (Source: houseblend.io) to provide a complete picture of NetSuite's currency revaluation processes. All claims are supported by referenced materials as indicated.

Tags: netsuite multi-currency, currency revaluation, fx gains and losses, month-end close, ias 21, asc 830, multi-book accounting, foreign exchange

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