Multiple currencies

Accounting and finance

Documentation version 1.0
Published 17 November 2026
https://www.hesabuerp.co.ke/documentation/

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Multiple currencies

Invoice and pay in dollars or other currencies, and handle exchange rates and exchange gains and losses.

Advanced · About 25 minutes · Version 1.0 · Updated 17 November 2026

Overview

If you buy or sell in a foreign currency such as US dollars, Hesabu ERP records each document in that currency and converts it to Kenya shillings for your books, using the **exchange rate** on the document date.

Prerequisites

Your company currency (KES) is set. Enable the foreign currency (search for **Currency**, open it and tick **Enabled**).

Steps

Invoice in a foreign currency

1. Create the **Customer** with a **Default Currency** of USD, or choose it on the invoice.
2. On the **Sales Invoice**, set **Currency** to USD. The **Exchange Rate** fills in from your rate table or the last known rate. Check it and correct it to your actual rate.
3. Item prices use a price list in that currency. Create a USD **Price List** if needed.
4. Submit. The invoice shows USD amounts and the shilling equivalent.

Keep exchange rates

1. Search for **Currency Exchange** and add the rate, with the date, **From Currency** and **To Currency**.
2. Update it regularly. Use your bank's or the Central Bank of Kenya's rate.

Receive payment

1. Create the **Payment Entry** from the invoice. Enter the **Exchange Rate** on the payment date.
2. If it differs from the rate on the invoice date, the difference goes to **Exchange Gain/Loss** automatically when the payment is matched.

Revalue balances

At the end of a period, balances in foreign bank and debtor accounts should be revalued to the current rate.

1. Search for **Exchange Rate Revaluation** and click **Add**.
2. Select the **Company** and enter the **Posting Date**.
3. Click **Get Entries** to list foreign-currency accounts, then check the new exchange rates.
4. Save and submit, then click **Create**, then **Journal Entries** to post the revaluation. Gains and losses go to the company's **Unrealized Exchange Gain/Loss Account**.

Practical example

An invoice for USD 1,000 is issued at 129.00 (KES 129,000). The customer pays when the rate is 128.20, so you receive KES 128,200 and the KES 800 difference is booked as exchange loss.

Important notes

- Set the **Exchange Gain/Loss** and **Unrealized Exchange Gain/Loss** accounts in the company settings.
- Reports are in KES unless you filter by currency.
- Ask your accountant how to treat unrealised exchange differences for tax.

Common mistakes

- Using a stale exchange rate on the invoice.
- Not revaluing at the month or year end.

Next steps

Read Closing the financial year.

Related documentation

- Currency, fiscal year and accounting periods
- Creating a sales invoice
- Recording customer and supplier payments