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ACCOUNTING OF CHANGES IN EXCHANGE RATES

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Annotation. *The article presents problems which accountants meet while studying accounting of changes of currency exchange rates. It is proposed the improvement of the method of studying this question in a precise definite logical sequence. It is established and illustrated the connection between business transactions and the differences which appear when using different exchange rates. We have developed a scheme of accounting the differences, which appear while using different exchange rates, and this scheme is tested on numerical studies. The numerical examples clearly show the accounting of exchange rate differences when there are both hikes and cuts in the rates, and of amount differences when commercial currency exchange rate exceeds the National bank of Ukraine's currency exchange rate and vice versa.*

Key words: *currency business transaction, balancing business transaction, balance sheet monetary account, balance sheet non-monetary account, exchange rate difference, amount difference, positive difference, negative difference.*

In the process of seeking information on accounting of changes in exchange rates, accountants face such problems as incompleteness, illogicality and complicity of presented information. In order to eliminate these problems, we propose to improve the method of studying of accounting of changes in exchange rates. We have established and illustrated the connection between business transactions and the concept of differences, which appear when using different exchange rates. We have developed a scheme which shows how to account the differences mentioned above. This scheme has been tested on visual numerical studies.

The improvement in the method of studying of accounting of changes in exchange rates is to consider this question in a certain logical sequence:

1) Distinguishing the concepts “Currency business transactions” and “Balancing business transaction” from many different kinds of enterprise's business transactions;

2) Studying the concepts of “Monetary” and “Non-monetary” balance sheet accounts and understanding the fact, that currency transactions and balancing transactions lead to monetary accounts appearing in an company's balance sheet, and they are evaluated in foreign and national currency at the same time;

3) Understanding the fact that in the process of accounting of monetary accounts, which are evaluated in foreign currency, the concept “Difference” appears as a result of using of different exchange rates;

4) Understanding the distinction between the concept “Exchange rate difference” — this difference appears as a result of everyday changes of official currency exchange rates which are set by National Bank of Ukraine (NBU), and “Amount difference” — this is the difference between NBU currency exchange rate and a commercial bank's exchange rate of buying and selling currency at the Interbank currency market of Ukraine for the same date; familiarization with the different types of exchange rate differences, which are operational, non-operational and the differences in contributions to registered (share) capital and subsidiary capital;

5) Understanding the concepts of “Positive” and “Negative” differences from the point of view of profitability or unprofitability for an enterprise, whereas the profitability of the difference is expressed in the form of income and the unprofitability — in the form of loss;

6) Using of the author's suggested scheme of accounting of each type of differences in accounting practices.

The direction of further researches on this topic is to study the question of dates of accounting exchange rate differences and amount differences as when re-counting monetary balance sheet accounts as when carrying out some business transactions. The other direction of further researches is to study the question of accounting the balance sheet accounts, which move from non-monetary to monetary.

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