

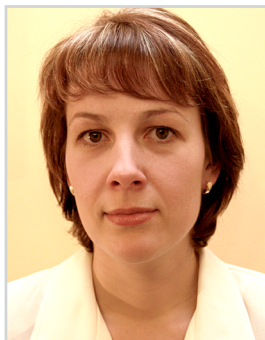


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Revenue management of changes in foreign exchange rates - case study of production companies with foreign participation in the Czech Republic

Abstract. The issue of choice of currency in the financial accounting of companies is a very current topic, as it is quite common for almost every trading company to have relationships or trade with foreign countries. For this reason, foreign currency transactions appear in the accounting. However, if individual accounting entities trade with foreign countries in larger volumes, there may be huge exchange rate differences that distort the financial results of enterprises. An example of this is the so-called assembly plants on the territory of the Czech Republic, which are required to keep accounting records in the Czech currency according to the Act on Accounting (1991). Nevertheless, they purchase most materials abroad, and final products are also exported abroad.

The purpose of the paper is to compare approaches to the choice of currencies within two accounting systems - the IAS/IFRS and the Czech accounting system. Also, the paper is aimed at presenting the results of the research with a task to quantify the impact of the use of the functional currency (according to the IAS/IFRS) with regard to the differences in the exchange rate and the amount of gains/losses by using a selected segment in the Czech Republic as an example, namely: 122 production companies of foreign origin operating in the Czech Republic, specifically in Pilsen Region, with the largest representation of those from Germany (61 plants), Japan (19 plants), France (17 plants), Slovakia (9 plants), the USA (4 plants), the UK (4), Liechtenstein (2 plants), Luxembourg (2 plants), Belgium (2 plants), and Spain (2 plants).

The research has shown that the volume of transactions that affect exchange rate differences decreases by 69.84% on average if the functional currency is introduced compared to keeping accounts in the Czech crowns. Further, it has been determined that exchange rate differences fall by a similar percentage.

Keywords: Foreign Currency; Exchange Differences; International Financial Reporting Standards IAS/IFRS; Functional Currency; Presentation/Reporting Currency; Production Company; Assembly Plant

JEL Classification: M21; M41; F61

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Управління доходами від зміни валютних курсів:

кейс виробничих компаній із іноземною участю в Чехії

Анотація. Питання вибору валюти для фінансового обліку підприємств є актуальним з огляду на те, що переважна більшість компаній, що займаються торгівлею, мають торгові відносини з зарубіжними партнерами. З цієї причини в бухгалтерському обліку відображаються операції, що проводяться в іноземній валюті. Разом із тим, якщо окремі компанії ведуть торгівлю із зарубіжними країнами в великих обсягах, негативний вплив на діяльність суб'єктів економічної діяльності може мати істотна різниця між обмінним курсом валют, що може спотворювати результати фінансової діяльності підприємств. Прикладом тому є так звані складальні заводи на території Чехії, які зобов'язані вести бухгалтерський облік своєї діяльності в чеській валюті. При цьому зазначені підприємства не тільки купують більшу частину матеріалів за кордоном, але й постачають за кордон більшу частину своєї кінцевої продукції.

Метою даної роботи є порівняння підходів до вибору валют у двох системах: IAS/IFRS та чеській національній системі, а також кількісно оцінити вплив використання функціональної валюти на величину різниці курсів валют або обсяг прибутку/збитків на прикладі обраного сегмента в Чеській Республіці (122 виробничі підприємства з іноземною участю).

Дослідження показало, що обсяг операцій, які впливають на різницю обмінного курсу, зменшується в середньому на 69,89%, якщо облік ведеться в функціональній валюті, порівняно з веденням обліку в чеських кронах. Також було визначено, що різниця обмінного курсу скорочується на аналогічний відсоток.

Ключові слова: іноземна валюта; курсова різниця; міжнародні стандарти фінансової звітності IAS/IFRS; функціональна валюта; валюта подання/валюта звітності; виробниче підприємство; складальний завод.

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Управление доходами от изменений валютных курсов:

кейс производственных компаний с иностранным участием в Чехии

Аннотация. Вопрос выбора валюты для финансового учета компаний является актуальным в виду того, что подавляющее большинство компаний, занимающихся торговлей, имеют торговые отношения с зарубежными партнерами. По этой причине в бухгалтерском учете отображаются операции, проводимые в иностранной валюте. Вместе с тем, если отдельные компании ведут торговлю с зарубежными странами в больших объемах, негативное влияние на деятельность субъектов экономической деятельности может иметь существенная разница между обменным курсом валют, что может исказить результаты финансовой деятельности предприятий. Примером

тому являются так называемые сборочные заводы на территории Чехии, которые обязаны вести бухгалтерский учет своей деятельности в чешской валюте. При этом данные предприятия не только закупают большую часть материалов за рубежом, но и поставляют за рубеж большую часть своей конечной продукции.

Целью данной работы является сравнение подходов к выбору валют в двух системах: IAS/IFRS и чешской национальной системе учета, а также количественно оценить влияние использования функциональной валюты на величину разницы курсов валют или объем прибыли/убытков на примере выбранного сегмента в Чешской Республике (122 производственных предприятия с иностранным участием).

Исследование показало, что объем операций, которые влияют на разницу обменного курса, уменьшается в среднем на 69,89%, если учет ведется в функциональной валюте по сравнению с ведением учета в чешских кронах. Также было определено, что разница обменного курса сокращается на аналогичный процент.

Ключевые слова: иностранная валюта; курсовая разница; международные стандарты финансовой отчетности IAS/IFRS; функциональная валюта; валюта представления/отчетная валюта; производственное предприятие; сборочный завод.

1. Introduction

The choice of currency in the financial accounting of companies is a very relevant topic as it is quite common for almost every trading company (and not only this type of company) to have trade relations with foreign countries. For this reason, foreign currency transactions appear in the accounting. However, if individual accounting entities trade with foreign countries in larger volumes, there may be huge exchange rate differences that distort financial results of enterprises. An example of this are the so-called assembly plants on the territory of the Czech Republic, which are required to keep accounting records in the Czech currency according to the Act on Accounting (Federal Assembly of the Czech and Slovak Federal Republic, 1991). Nevertheless, they purchase most materials abroad and final products are also exported abroad. In some cases, these foreign transactions may outweigh in volume all transactions carried out in the Czech currency.

Another reason for the topicality of the subject is the existence of many international companies operating in several countries of the world or the cooperation with foreign partners. These can be parent and subsidiary companies, branches, associate companies, etc. Individual foreign operations may be entered in the accounts in different currencies. However, this may lead to a problem with reporting the results for the whole.

According to the legislation of the Czech Republic, it is obligatory to keep accounts exclusively in the Czech currency only if the Czech accounting entity is listed on the stock exchange and keeps the books and reports according to International Financial Reporting Standards (IAS/IFRS).

This paper deals with the accounting of foreign currency transactions. Its purpose is to compare the currency choice approaches in two accounting systems - the IAS/IFRS and the Czech accounting system. Also, the paper is aimed at presenting the results of the research, with a task to quantify the impact of the use of the functional currency (according to the IAS/IFRS) with regard to the differences in the exchange rate and the amount of gains/losses by using a selected segment in the Czech Republic as an example.

The paper is organized as follows: the first section is introduction and problem statement; the second section reviews the literature on the legislation regulating the choice of currency in the Czech Republic; it defines a standard dealing with the impact of changes in exchange rates and map research carried out in this area of interest. The third section deals with the description of the methodological procedure of the presented research. The fourth part synthesizes knowledge resulting from the comparison of solutions according to the IAS/IFRS accounting system and the Czech legislation. Furthermore, the fourth part presents the results of research carried out on the basis of a selected segment of companies. The final part of this paper discusses the conclusions and combines the results that were ascertained by the authors.

2. Brief Literature Review

The national legal regulations of the Czech Republic define the obligation for accounting entities to keep accounts in monetary units of the Czech currency. The Act on Accounting (Federal Assembly of the Czech and Slovak Federal Republic, 1991) states that in some cases an accounting entity is required to use a foreign currency at the same time as the Czech currency. These include receivables and payables, rights from securities (including book-entry

securities), rights from derivatives, shares in trading corporations and valuables, if denominated in foreign currency. In addition to the above, the obligation includes adjusting entries, reserves and technical reserves if the assets and liabilities to which they relate are also denominated in a foreign currency.

However, the above does not mean that a foreign currency is used for all the resulting consequences every time. An example is the purchase of fixed assets if the invoice was issued in a foreign currency. In this case, only the liability is recorded in a foreign currency, not the acquisition of assets, commissioning, depreciation or disposal of assets. For other assets not mentioned in Section 4(12) of the Act on Accounting (Federal Assembly of the Czech and Slovak Federal Republic, 1991), keeping records in foreign currency is not prohibited by law. If an accounting entity decides to record these assets in such a way, it is appropriate to include this decision in the internal accounting guidelines and specify in which case it is the foreign currency accounting in accordance with the Act and in which case it is capturing information beyond the Act (Beránek, 2017).

According to the national legislation of the Czech Republic, the daily exchange rate of commercial banks, the fixed rate (fixed for a maximum of the 12-month accounting period) and the rate at which a foreign currency was bought or sold can be used for currency translation during the accounting period (Kout & Libal, 2017)). However, only the exchange rate of the Czech National Bank announced for the balance sheet date shall be used for currency translation at the balance sheet date (Pilařová, 2010).

With some exceptions (e.g. securities revalued at fair value), exchange rate differences are reported in the profit and loss statement (i.e. in the financial activity of the Profit and Loss Statement - in exchange gain or loss items) according to the legal regulations of the Czech Republic, namely Implementing Decree No. 500 for entrepreneurs (Ministry of Finance of the Czech Republic, 2002).

Within the framework of the International Financial Reporting Standards, Standard IAS 21 (The Effect of Changes in Foreign Exchange Rates) is fundamental to valuation and reporting, which comprehensively addresses the issue of exchange rate differences in such a way as to avoid, as far as possible, distorting the content of the financial statements, in particular, the reported profit or loss. The tool used to minimize distortion as much as possible is the so-called functional currency and the correct choice of such a currency (Dvořáková, 2017). The functional currency, as the currency of the primary economic environment in which the accounting entity operates, reflects the currency in which the company executes most transactions, thereby eliminating exchange rate differences (Strouhal, Bonaci, & Mustařa, 2014). Standard IAS 21 requires an accounting entity to choose its functional currency and to use this currency to evaluate the Statement of Financial Position and the Statement of Comprehensive Income in that currency. Only after this can the accounting entity present its financial statements in any presentation currency (Krupová, 2019).

Differences resulting from the translation of monetary items into the functional currency are recognized as an expense or income in the period in which they arose, i.e. in the Profit and Loss Statement. An exception is a net investment in a foreign entity (i.e. exchange rate differences resulting from the translation of financial statements into a presentation currency). According to IAS 21, that shall be recognized as part of the company's equity until the disposal of the investment when the exchange rate differences are recognized as an expense or income (J. Ficbauer & D. Ficbauer, 2012).

The issue of the use of a foreign currency in the selected area is addressed by many research projects. Research projects that address the translation of foreign currency as a monetary policy tool can be put together in a common group, for example Honig (2019) who analyses the effect of changes in interest rates on foreign currency debt, or De Santis (2018) who deals with the risk of redenomination of Euro assets, or Polivach (2019) who proposes a methodology to eliminate the impact of the exchange rate on foreign trade indicators. A second group of researchers analyse the effects of adoption of foreign currency as their own national currency, for example Gabriellozak & Serwach (2019) who address the effects of the adoption of Euro on the complexity of goods in Estonian exports.

Foreign currency is an issue addressed in many specifically focused research projects (for example in foreign currency remittances by De et. al., 2019). The direct link between research and the accounting for exchange rate differences is mentioned in a paper by Sklenka (2016), who, however, only addresses the issue of adjustment of value and reserves when the assets and

liabilities to which they relate are denominated in a foreign currency. Sevciuc and Prisacaru (2015) assess the accounting particularities of foreign currency sales and purchases by transfer or cash. However, this article pays attention to licensed banks and foreign exchange offices in the Republic of Moldova. Slyozenok (2010) analyses the conceptual grounds for accounting of credits in a foreign currency and propositions regarding a solution of some issues related to accounting of interests for the foreign currency credits.

Thematically closest to our study is the research by Ussabayev (2017) seeks to define methodological bases for accounting in foreign entities in accordance with IPSAS 4 and IAS 21. He presents a comparative description of accounting and the formation of financial statements at foreign divisions in the sectors of non-financial and financial corporations on the one hand, and at foreign subdivisions of the public sector of the economy in Kazakhstan on the other hand.

After a detailed analysis of the contributions to the Web of Science, Scopus and many other scientific databases, we found that the issue of comparing foreign currency transaction reporting solutions under International Accounting Standard IAS 21 and the Czech accounting system had not been implemented yet, and the quantification of the impact of functional currency application on selected segment of national economy in the Czech Republic had not been implemented yet either.

3. Purpose and Methodology

The research purpose was to confirm or refute the following assumption: The introduction of a functional currency to a selected segment of companies reduces the amount that affects the creation of exchange rate differences by at least 50% on average.

The research was carried out using the deductive method. The data for the research were obtained indirectly, mainly by analysing documents the availability of which on the official server of the Czech judiciary is determined by legislation. These were annual reports and financial statements of the analysed companies for the calendar or the 2017 fiscal year. Another data source was the official websites of the companies. In the case of incomplete or insufficient data, the accounting entities with missing information were contacted.

The first research phase consisted of the selection of a business segment in which there is a high probability that the functional currency will differ from the Czech crown. For this reason, we chose the segment of production companies with foreign participation, which carry out production activities in Pilsen Region. These include manufacturers of components for the automotive industry, precision engineering products, air conditioning equipment, moulds and plastic prototypes. This list was checked if it is up to date, and if needed, supplemented by information from the Albertina database (Bisnode, 2019). In the second phase, the appropriate functional currency was considered in accordance with International Accounting Standard IAS 21. The main information sources used to determine the appropriate functional currency were the websites of individual companies, annual reports and financial statements for the fiscal or calendar year 2017 available from the Public Register and the Collection of Documents databases (Ministry of Justice of the Czech Republic, 2019). When considering the functional currency, the origin of the main business partners and the direct parent company were taken into account. If the main business partners came from several countries and the ratio of these transactions in certain currencies was not known, it was assumed that those transactions (sales or purchases) were in the same ratio.

In the third phase, only companies that are proposed a functional currency other than the Czech crown in accordance with International Financial Reporting Standards are analysed. For these companies, data were taken from the financial statements for the calendar or fiscal year 2017 in order to determine the volume of transactions that affected the exchange rate differences in keeping accounts in the Czech currency and the volume of transactions that affected the exchange rate differences if a functional currency was introduced. The calculation was carried out by first taking information from functional currency testing and evaluating which main items of the Profit and Loss Statement caused exchange rate differences when keeping accounts in the Czech currency and those that caused such differences when keeping accounts in the functional currency. Then, total sales, production consumption and personnel costs were determined from the profit and loss statements of all companies. Items of impact for both options were expressed in numbers for each company. Further both options were compared and thus the research assumption was either confirmed or refuted.

4. Results

4.1. Comparison of foreign currency solutions in accounting systems

Based on the analysis of the legislation of the Czech Republic and the IAS/IFRS Standards, a comparison matrix was prepared (Table 1), containing important aspects related to foreign currency reporting.

Table 1 shows that the issue of the choice of currency encounters many differences, even very fundamental ones. The core of the differences stems from the fact that the Czech accounting legislation adheres to accounting in the Czech currency, even for companies whose primary economic environment corresponds to another currency.

4.2. Research on the choice of currency

The basic research set consists of 122 production companies of foreign companies operating in the Czech Republic, specifically in Pilsen Region which has attracted investors from several countries. The largest representation in the sample of companies is Germany (61 plants), Japan (19 plants), France (17 plants), Slovakia (9 plants), the USA (4 plants), the UK (4), Liechtenstein (2 plants), Luxembourg (2 plants), Belgium (2 plants) and Spain (2 plants). Therefore,

Table 1:
Comparison matrix to regulate the choice of currency and the use of exchange rates

Aspect	Solution under the Czech accounting legislation	Solution under the IAS/IFRS
Related regulations/standards	Act No. 563/1991 Coll., On Accounting Decree No. 500/2002 Coll. Czech Accounting Standard No. 006: Exchange differences Czech Accounting Standard No. 020: Consolidation	IAS 21: The effects of changes in foreign exchange rates Other standards: IFRS 9, SIC 7, IAS 29, IFRIC 22, IFRIC 16
Accounting currency	Czech crown	Functional currency
Currency for the preparation of financial statements	Czech crown	Functional currency and presentation currency
Criteria for determining the functional currency	Do not exist	Graded according to importance
Emergence of exchange rate differences	- during the accounting period - at the balance sheet date	- during the accounting period - at the balance sheet date - when translating the financial statements into a functional currency - when translating the financial statements into a presentation currency
Settlement of exchange rate differences during the accounting period	Profit and loss	Profit and loss
Settlement of exchange rate differences at the balance sheet date	Profit and loss	By item type
Settlement of exchange rate differences arising from the translation of financial statements from a foreign currency to a functional currency	Not carried out	Profit and loss
Settlement of exchange rate differences arising from the translation of financial statements from a functional currency to a presentation currency	Not carried out	Balance Sheet
Exchange rate for translation during the accounting period	Exchange rate valid at the date of the transaction	Exchange rate valid at the date of the transaction
Determination of the exchange rate	Exchange rate announced by commercial banks	Not specified
Possibility to use a fixed exchange rate	Yes, in the form of a fixed exchange rate	Yes, in the form of an average exchange rate of a week or a month
Determination of the fixed exchange rate	Exchange rate valid on the first day of the period for which the fixed rate is set	The average of exchange rates for a given period
Exchange rate for translation at the balance sheet date	Exchange rate announced by the Czech National Bank at the balance sheet date	It depends on the type of item (historical exchange rate or balance sheet exchange rate).
Statement for the disclosure of current exchange rate differences	Profit and loss statement	Statement of comprehensive income
Total amount for reporting foreign exchange gains/ losses	Other financial income/expense	Gains/losses
Focus of information in the annex to	Exchange rates and their use	Functional currency and its changes

Source: Compiled by the authors based on the Czech accounting legislation

the appropriate functional currency was assessed for 122 companies. First, the primary criteria under IAS 21 for determining the functional currency were considered:

- the currency in which the selling prices are stated;
- the currency in which costs are denominated and settled,
- the currency the competitive forces and regulations of which predominantly determine the selling prices of their products and services.

In view of these criteria, the following factors were initially considered for foreign companies:

- countries where the main suppliers come from;
- countries where the main customers come from;
- the registered office of the direct parent company.

If the criteria did not sufficiently indicate what functional currency it could be, the secondary criteria of IAS 21 were considered, in particular the financing method and the level of interconnection with the parent company. Initially, the functional currency was set for companies originating in Germany and then for companies originating in other countries. Table 2 shows how the functional currency was set and the frequency of functional currencies.

The calculation of whether the value of foreign exchange transactions decreases and thereby the value of exchange rate differences drops, and these differences distort the results of foreign accounting entities is performed only for foreign companies that have not had the Czech crown set as the functional currency. In total, there are 102 such companies.

Before the calculation is carried out, it is important to determine which items affect the creation of exchange rate differences. Information on suppliers, customers and the functional currency was used for this purpose. If purchases and sales in a currency other than the Czech crown predominate, only personnel costs do not incur exchange rate differences as these are presumed to be settled in the Czech crowns. However, exchange rate differences arise from both sales and production consumption. On the other hand, when keeping accounts in a functional currency, personnel costs (labour costs and other personnel costs) incur exchange rate differences for all companies, as these companies were proposed a different functional currency than the Czech crown. However, the personnel costs are settled in the Czech crowns. If the sample included companies supplying to more countries with different currencies, and the ratio of these transactions was not known, it was assumed that this ratio was the same.

For the specific calculation of the volume of foreign currency transactions before and after the introduction of the functional currency, data from the financial statements of all analysed companies, namely the profit and loss statements for the calendar or fiscal year 2017, are required. Revenue amounts from sales of products and services, sales of goods, costs in the form of production consumption and personnel costs were taken from these statements. Once all the necessary data were determined, both values could be calculated. The «CZK value» expresses the amount that influenced the exchange rate differences when keeping accounts in the Czech currency and

Table 2:
Functional currency determining for the selected trading companies

Company type	Main suppliers	Main customers	Parent company	Functional currency	Number of cases
1.	Germany	Germany	Germany	EUR	11
2.	Austria	Austria	Germany	EUR	2
3.	Austria / Germany	Austria / Germany	Germany	EUR	4
4.	Czech Republic	Germany	Germany	EUR	3
5.	EU / Germany	EU / Germany	Germany	EUR	12
6.	Germany	Czech Republic	Germany	EUR	7
7.	Germany / Czech Republic	Germany / Czech Republic	Germany	CZK	18
8.	Belgium	Belgium	Belgium	EUR	2
9.	Japan	France	France	EUR	6
10.	Japan / EU	EU	France	EUR	11
11.	Japan	Germany	United Kingdom	EUR	4
12.	Japan	Germany	Germany	EUR	3
13.	Spain	France	Spain	EUR	2
14.	Slovakia / Czech Republic	Czech Republic	Slovakia	EUR	9
15.	Germany	USA	Germany	USD	1
16.	USA	USA	Luxembourg	USD	2
17.	Japan	Japan	Japan	JPY	19
18.	Great Britain	United Kingdom	USA	GBP	4
19.	Czech Republic	Czech Republic	Liechtenstein	CZK	2

Source: Compiled by the authors

the «FC value» expresses the same, when the functional currency was introduced. Then, the difference can be calculated. This difference represents the volume of transactions that is not required to be translated from a foreign currency if a functional currency was introduced, and thus the exchange rate differences should be reduced. See Table 3 for the example of the specific calculation results.

All companies in the selected segment experienced a decrease in value that would need to be translated from a foreign currency during the reporting period. The highest values were found in Group of Companies 1, the lowest differences are in Group of Companies 14.

The research result: The assumption can be confirmed, because the introduction of a functional currency in the selected segment of companies reduces the amount that affects the creation of exchange rate differences (and thus the exchange rate differences themselves fall) by at least 50% on average. When the proposed functional currency was introduced, the volume of foreign currency transactions decreased by 69.84% on average.

If the amount of exchange rate differences was reduced by the same percentage as the volume of foreign exchange transactions, these companies would experience an impact on the profit and loss in millions, and in the case of some companies, even in billions.

Table 3:

Calculation of the volume of foreign exchange transactions before and after the functional currency introduction (CZK, thousand)

Company type	CZK value	FC value	Value difference	Percentage difference
1.	249,400,710	6,596,744	22,803,968	97.35
2.	18,089,724	1,134,350	16,955,374	93.73
3.	25,304,524	897,840	24,406,684	96.45
4.	7,253,952	3,942,906	3,311,046	45.64
5.	15,703,308	1,327,692	14,375,616	91.55
6.	152,979,680	76,670,713	76,308,967	49.88
8.	665,044	71,952	593,092	89.18
9.	6,734,940	694,812	6,040,128	89.68
10.	12,744,600	4,975,553	7,769,047	60.96
11.	2,250,432	602,248	1,648,184	73.24
12.	1,469,160	1,028,118	441,042	69.98
13.	3,772,602	1,945,154	1,827,448	51.56
14.	3,618,450	2,309,238	1,309,212	36.18
15.	2,850,884	1,935,465	915,419	67.89
16.	1,305,560	571,604	733,956	56.22
17.	61,568,202	39,206,631	22,361,571	63.68
18.	3,125,594	1,693,134	1,432,460	54.17

Source: Compiled by the authors

5. Conclusions

The presented paper, in the first instance, compares foreign currency reporting solutions in accounting systems according to the accounting legislation of the Czech Republic and IAS/IFRS. It has been stated that the Czech accounting legislation, unlike the internationally accepted IAS/IFRS system, does not know the terms «a functional currency», «a presentation currency» or «the translation of financial statements to another currency». Therefore, there is still scope for harmonization or convergence of the accounting systems.

Also, the research was conducted to quantify the effect of the use of a functional currency on the size of exchange rate differences that are reported in the statements of financial performance. This research was applied to production companies of the selected geographical area in the Czech Republic, for which an appropriate functional currency was suggested under the terms of IAS 21. Those companies that did not change their functional currency were omitted, i.e. the Czech crown was set as their functional currency. In the sample of the remaining 102 companies, the impact of keeping accounts in the Czech currency and then the impact of the possible introduction of a functional currency were assessed.

The research has shown that the volume of transactions that affect exchange rate differences decreases by 69.84% on average if the functional currency is introduced compared to keeping accounts in the Czech crowns. In such a case, exchange rate differences also fall by a similar percentage. This confirms the assumption that the introduction of a functional currency to a selected segment of companies reduces the amount that affects exchange rate differences by at least 50% on average. If foreign companies of the types described above were able to determine their own functional currency which would be different from the existing currency in which accounting

is maintained under the Czech accounting legislation, the volume of foreign currency transactions required to be revalued during the accounting period would decrease. In doing so, these companies would improve their performance not only by reducing the number of revalued transactions, but also by reducing the exchange rate differences that distort their financial results. If the amount of exchange rate differences were reduced by the same percentage as the volume of foreign exchange transactions, the companies would experience an impact on the profit and loss in millions, and even in billions in the case of some companies.

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