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## “Analysis of the Impact of Exchange Rate Fluctuations on Accounting and Directions for Its Improvement”

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### Annotation

This research analyzes the impact of exchange rate fluctuations on the financial results of business entities, as well as the theoretical and practical aspects of their accounting treatment. The study examines the procedure for accounting, revaluation, and recognition of foreign currency operations in accordance with IFRS 21 requirements. The research identifies the main problems in accounting for exchange rate differences — delayed data recording, a low level of automation, and deficiencies in managing currency risks. The paper proposes recommendations for improving the system of exchange rate difference calculation and control by implementing digitalization, artificial intelligence (AI), and blockchain technologies.

### Key words

*Exchange rate, revaluation, IFRS 21, digitalization, blockchain, artificial intelligence, currency differences, accounting, risk management, financial stability.*

**Introduction.** Due to globalization of the world economy and the expansion of international trade, exchange rate fluctuations have a direct impact on the economic stability of countries and on the financial sustainability of business entities. Proper accounting of foreign currency transactions, revaluation, and accurate identification of exchange rate differences play a crucial role in ensuring the reliability of a company’s financial results.

In recent years, Uzbekistan’s economy has undergone significant reforms, including the liberalization of the national currency, growth in export–import operations, and an increase in investment inflows, all of which have led to dynamic changes in exchange rates. Consequently, it has become essential for enterprises to maintain accounting in line with international standards, particularly the requirements of IFRS 21 – *The Effects of Changes in Foreign Exchange Rates*.

However, several practical challenges remain, such as delayed recognition of exchange rate differences, insufficient integration of accounting software, dominance of human factors in

reevaluation processes, and underdeveloped currency risk assessment mechanisms. Therefore, implementing digitalization, automation, and advanced technologies has become an urgent need.

The aim of this research is to analyze the theoretical and practical impact of exchange rate fluctuations on accounting, identify existing issues, and develop modern approaches to improving these processes. The study also explores the potential of artificial intelligence, blockchain, and risk management systems in automating foreign currency accounting operations.

**Conclusion:** The study comprehensively examined the theoretical and practical aspects of accounting for exchange rate changes and led to the following conclusions:

1. Full implementation of **IFRS 21** ensures that foreign currency transactions are recorded in compliance with international standards, improving the reliability and comparability of accounting data.
2. Applying **automated accounting systems** to calculate exchange rate differences minimizes human error, increases efficiency, and enhances reporting quality.
3. **Blockchain-based systems** ensure data immutability, transparency, and real-time traceability of foreign currency operations.
4. Integrating **AI algorithms** into accounting systems enables forecasting of exchange rate trends, analysis of currency risks, and data-driven decision-making.
5. Accurate accounting of exchange rate fluctuations enhances corporate financial stability, investor confidence, and international competitiveness.
6. Through **digitalized accounting systems**, enterprises can respond more effectively to global financial volatility, contributing to the sustainable development of Uzbekistan's economy.

Overall, improving the accounting of exchange rate fluctuations is a key factor in ensuring transparency, accuracy, and financial stability not only at the enterprise level but also across the entire national financial system.

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