



Internal Directive No. 7 BOOKKEEPING

Use of foreign currencies and determination of exchange rates, exchange rate differences

This directive is created by the relevant provisions:

- Act No. 563/1991 Coll., on accounting, as amended,
- Decree No. 504/2002 Coll.
- Czech accounting standards,
- Act No. 586/1992 Coll., on income taxes, as amended.

Article 1 Basic provision

1) If the given facts occur in the Institute of Chemical Processes of the Academy of Sciences of the Czech Republic, v. v. i (from now on referred to as the institute), it is accounted for by Act No. 563/1991 Coll. as amended, according to Executive Decree No. 504/2002 Coll. as amended on the following listed items of assets and liabilities in Czech and foreign currency.

2) These are receivables, foreign exchange, accepted obligations, and other values expressed in foreign currency.

3) Accounting for selected assets and liabilities items in both Czech and foreign currency is secured directly on accounting documents and records in the MAGION information system. In the accounting of our institute, these facts are accounted for in the Czech currency.

Article 2 Method of accounting for exchange rate differences

The method of accounting for exchange rate differences is divided into two phases. The calculation of the MAGION system determines the exact amount of the exchange rate difference.



INSTITUTE OF CHEMICAL PROCESS FUNDAMENTALS of the CAS, v. v. i.

Accounting for exchange rate differences during the accounting period

Exchange rate differences are charged to financial expenses and income (accounts 545xx, 645xx) in the amount of the difference between the exchange rate at which the receivables liabilities, maintained in a foreign currency, were valued on the day of the accounting event (receivable and liability on the day the invoice is received or issued) and at the exchange rate on the date of their payment or payment according to the account statement. The device uses the daily rates set in the MAGION information system for the above operations.

Accounting for exchange rate differences when closing the accounting books:

As of the balance sheet date (at the end of the year – 31.12.), all receivables, liabilities, balances of bank accounts, or cash registers registered in foreign currency must be recalculated using the CNB exchange rate announced for that day.

All exchange rate differences are charged to the institute's overheads, i.e., to the debit of the 545xxx account in the case of an exchange rate loss or the credit of the 645xxx account in the case of an exchange rate gain.

Article 2 Final Provisions

- 1) This directive supersedes all previous versions of related internal regulations.
- 2) The Chief Accountant is responsible for updates.
- 3) The head of the technical and economic administration checks compliance with this directive.
- 4) This **directive enters into force on January 1, 2023.**

In Prague, June 1, 2023
Item no. UCHP-107/POD-2023

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