

# **Accounting of Transactions of Foreign Currency**

## **AS 11 - Accounting for Effects of Changes in Foreign Exchange Rate (Revised 1<sup>st</sup> April 2004)**

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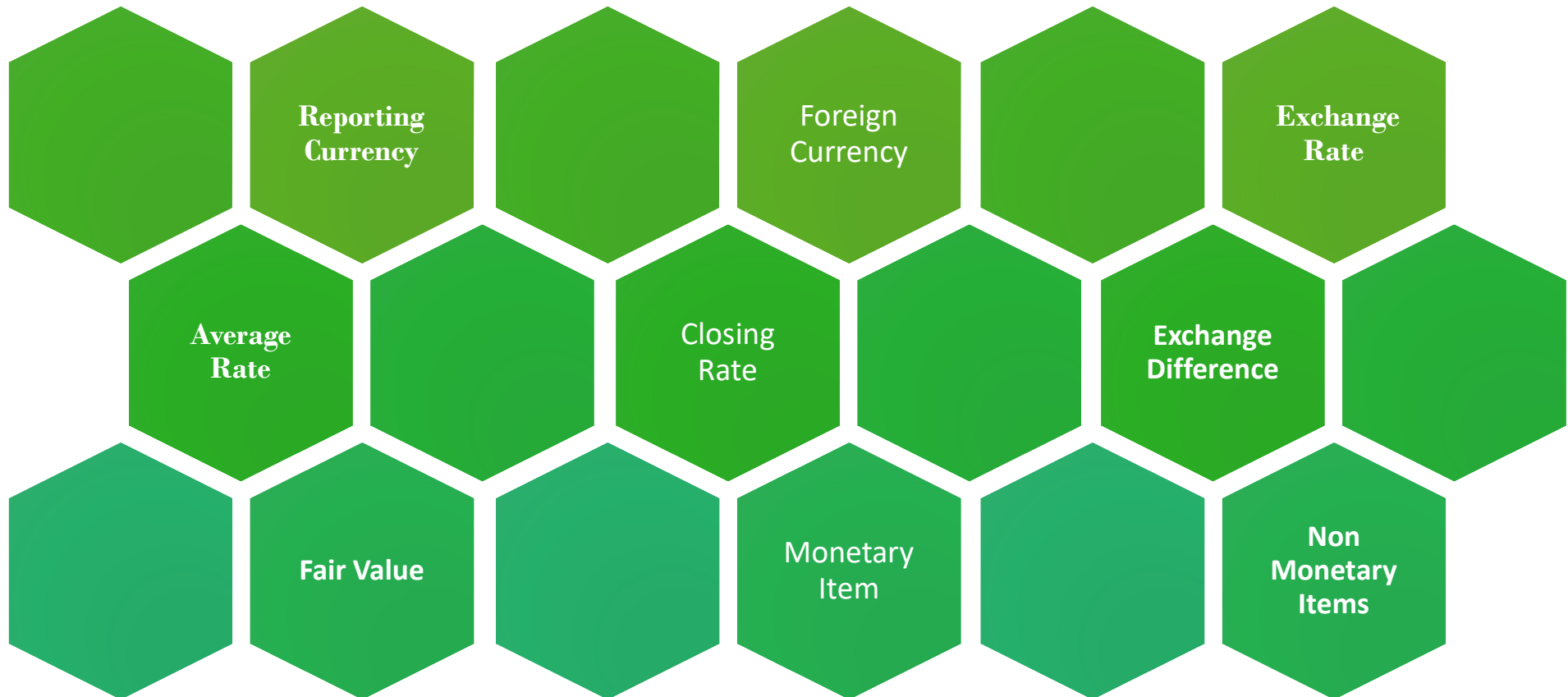
**Release: July 2020**

## Quick Revision

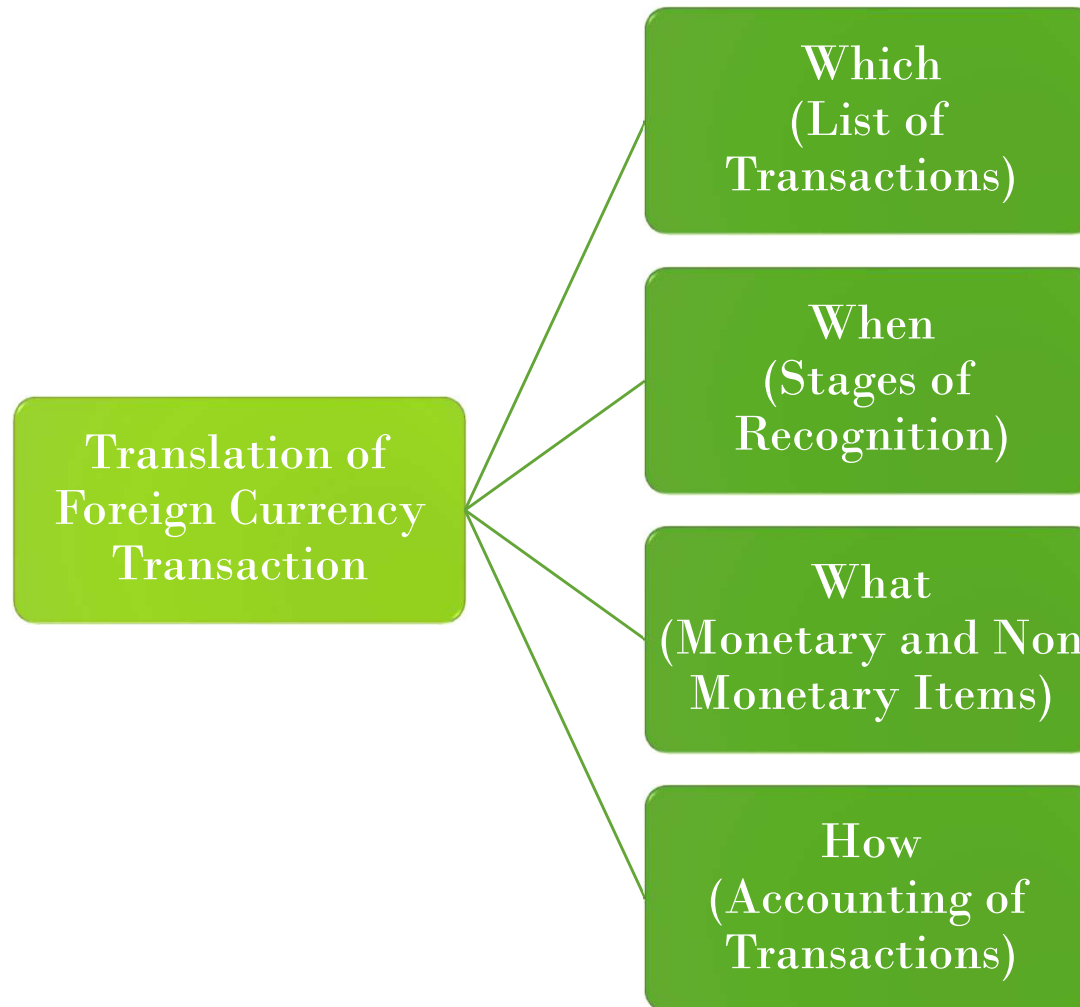
OBJECTIVE

SCOPE

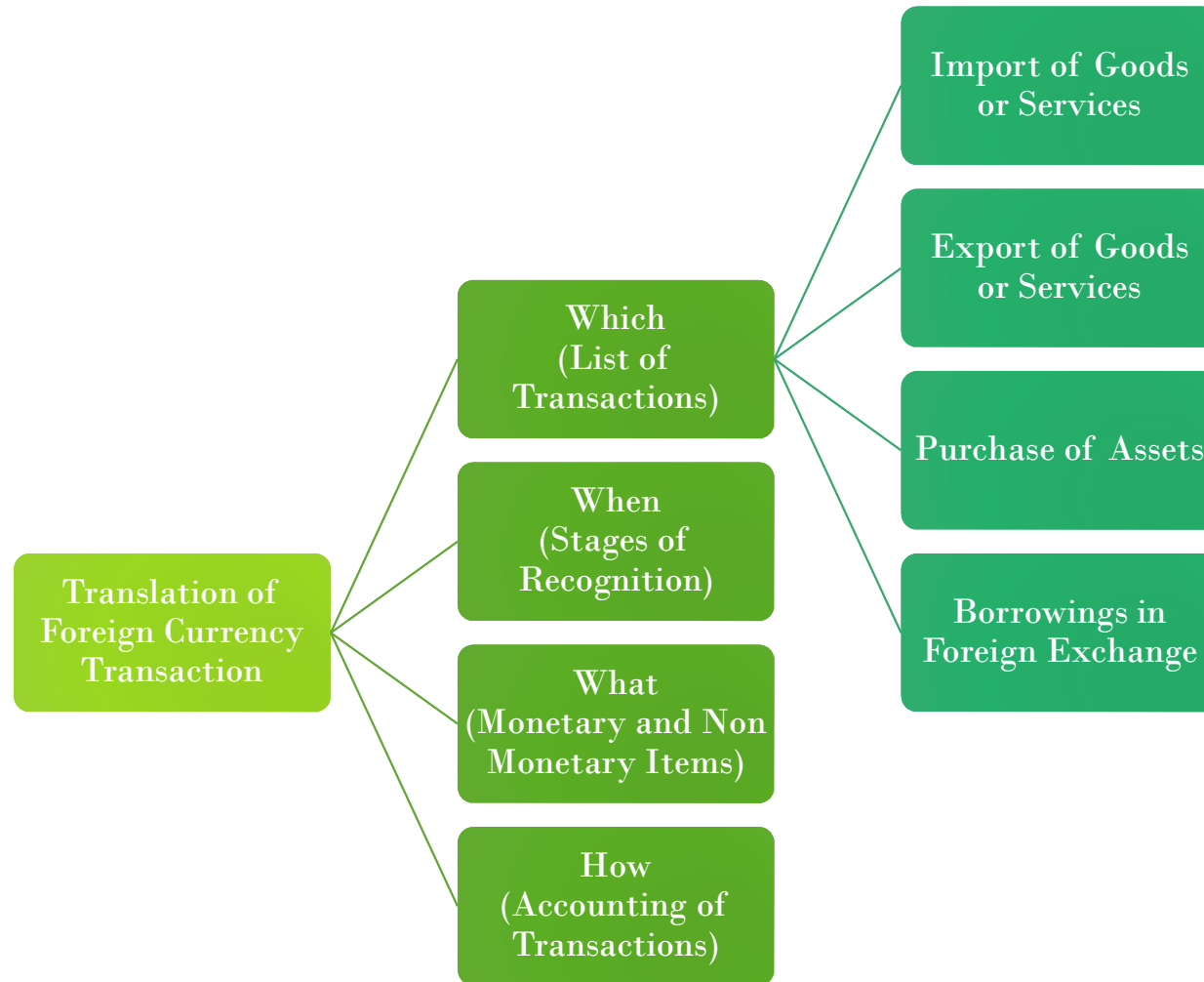
EXCLUSIONS



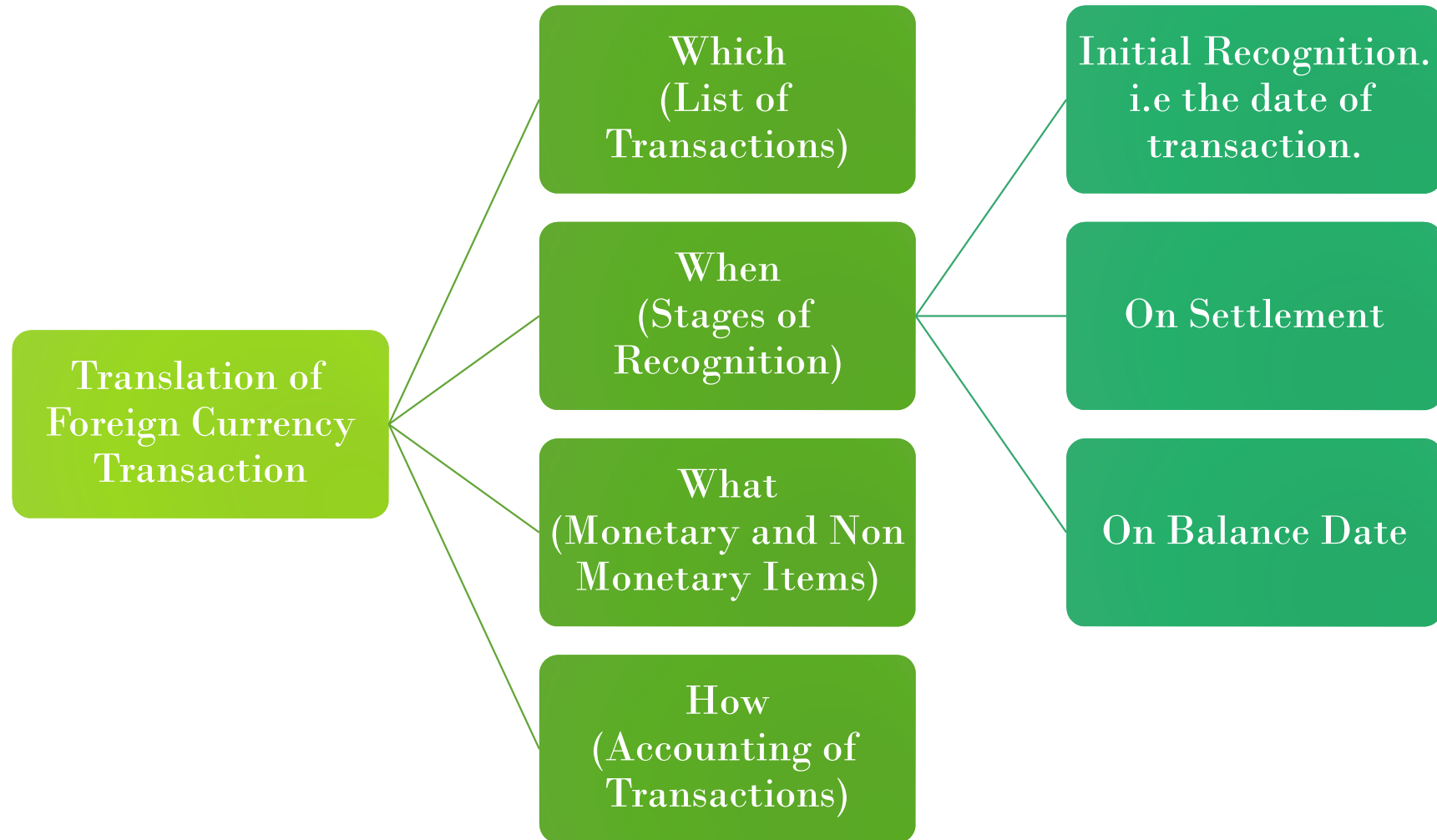
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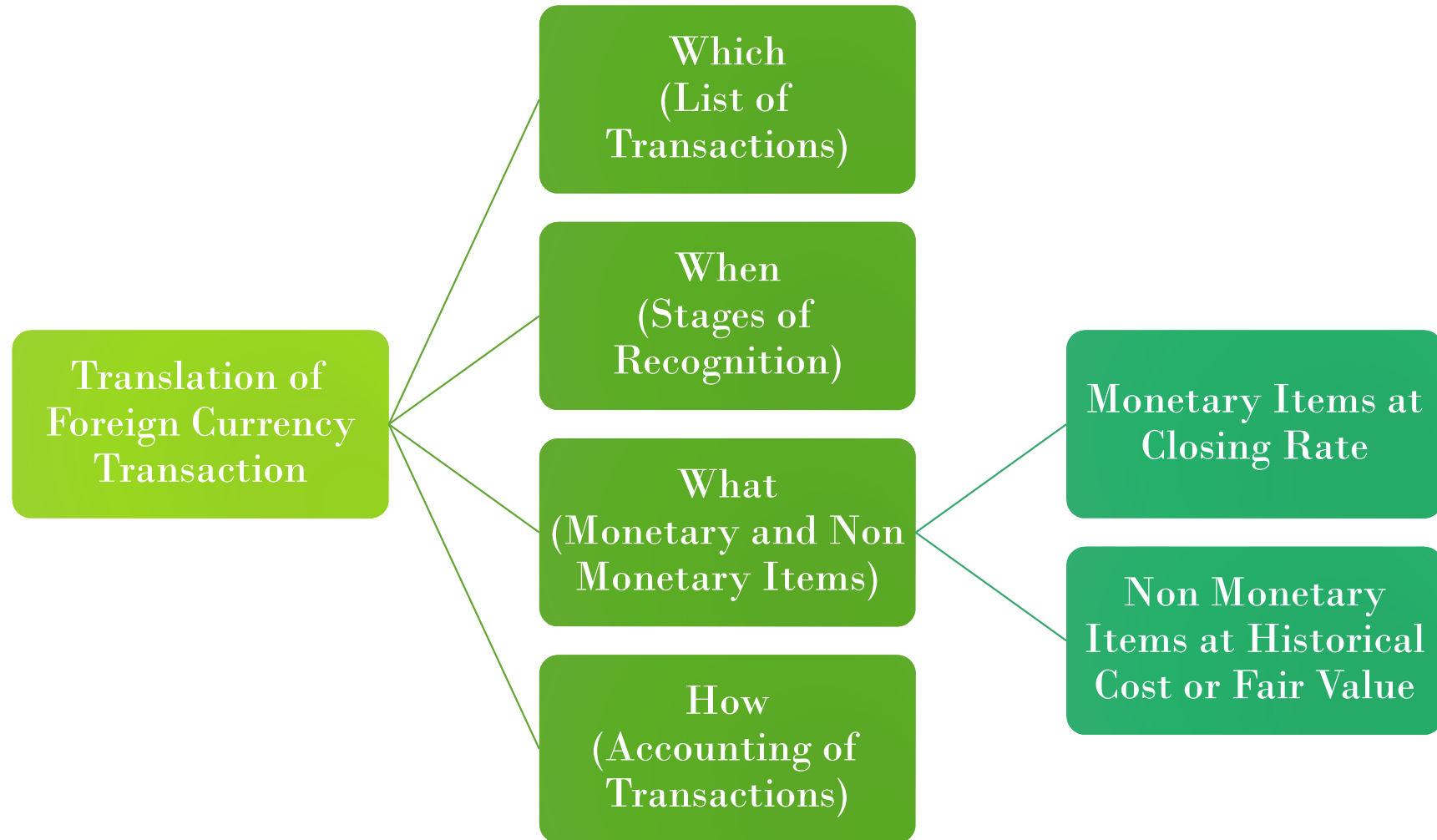
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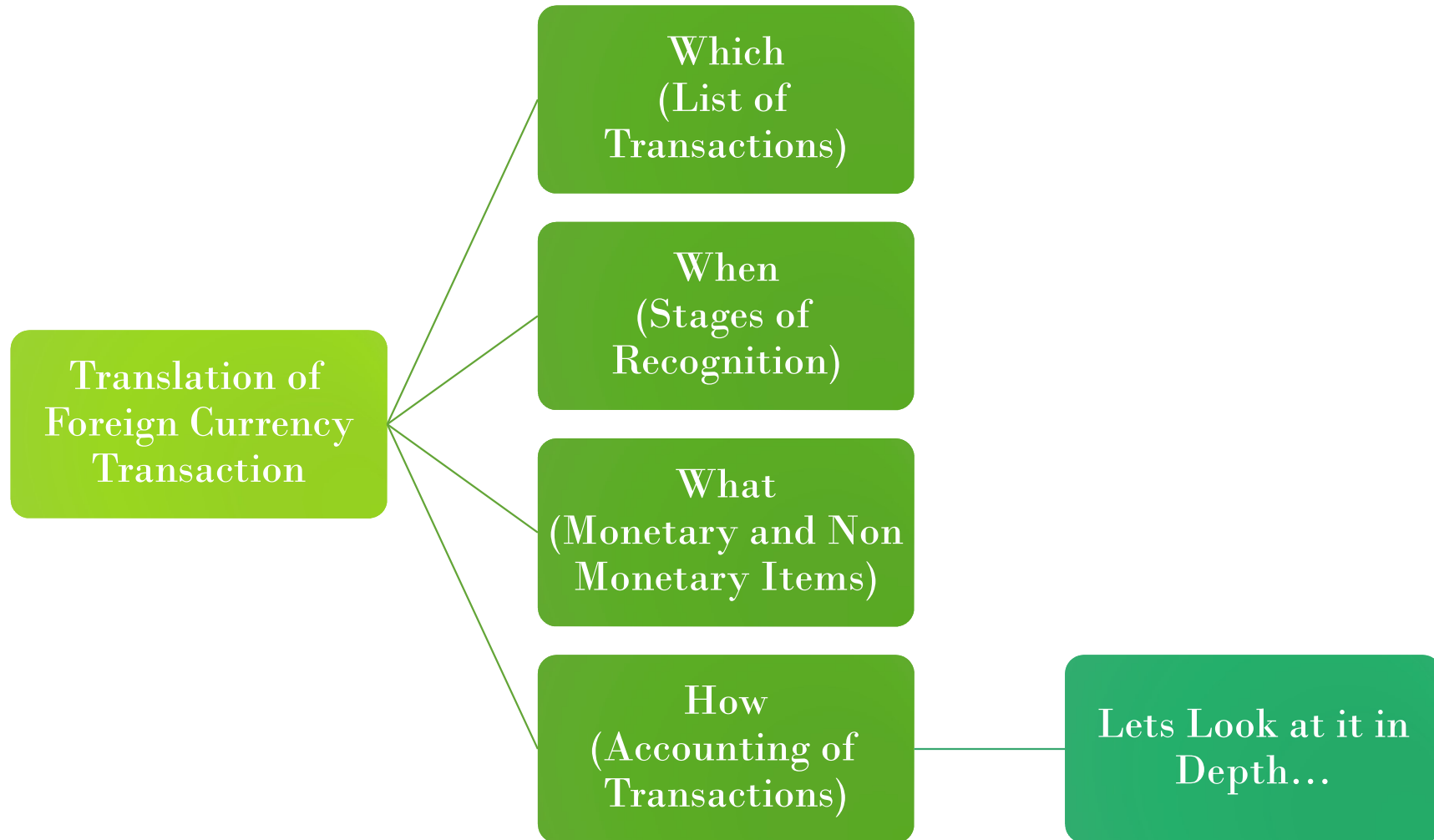
## Accounting of Transactions of Foreign Currency



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## Accounting of Transactions of Foreign Currency



## Accounting of Transactions of Foreign Currency

### Accounting of Transactions Import of Goods or Services

Particulars		Debit	Credit
<u>When Goods or Services are Imported (Import Purchase)</u>			
Import Purchase A/c	Dr	XXX	
To Supplier A/c (Creditors A/c)			XXX
 <u>On Payment for Purchase of Goods or Services</u>			
Supplier A/c (Creditors A/c)	Dr	XXX	
Foreign Exchange Fluctuation A/c (Loss)	Dr	XXX	
To Bank A/c			XXX
To Foreign Exchange Fluctuation A/c (Gain)			XXX



## Accounting of Transactions of Foreign Currency

### Accounting of Transactions Import of Goods or Services

Particulars		Debit	Credit
<u>On Balance Sheet Date (For Outstanding Balance)</u>			
<b>In Case of Foreign Exchange Fluctuation Loss</b>			
Foreign Exchange Fluctuation A/c	Dr	XXX	
To Supplier A/c (Creditors A/c)			XXX

**OR**

### **In Case of Foreign Exchange Fluctuation Gain**

Supplier A/c (Creditors A/c)	Dr	XXX	
To Foreign Exchange Fluctuation A/c			XXX

## Accounting of Transactions of Foreign Currency

### Accounting of Transactions Import of Goods or Services

Particulars		Debit	Credit
<b><u>On Balance Sheet Date (For Net Loss or Gain)</u></b>			
<b>In Case of <u>Net Foreign Exchange Fluctuation Loss</u></b>			
Profit and Loss A/c	Dr	XXX	
To Foreign Exchange Fluctuation A/c			XXX
<b>OR</b>			
<b>In Case of <u>Net Foreign Exchange Fluctuation Gain</u></b>			
Foreign Exchange Fluctuation A/c	Dr	XXX	
To Profit and Loss A/c			XXX

## Accounting of Transactions of Foreign Currency

### Accounting of Transactions Export of Goods or Services

Particulars		Debit	Credit
<u>When Goods or Services are Exported (Export Sales)</u>			
Customer A/c (Debtors A/c)	Dr	XXX	
To Export Sales A/c			XXX
<u>On Receipt of Payment for Sale of Goods or Services</u>			
Bank A/c	Dr	XXX	
Foreign Exchange Fluctuation A/c (Loss)	Dr	XXX	
To Customer A/c (Debtors A/c)			XXX
To Foreign Exchange Fluctuation A/c (Gain)			XXX

## Accounting of Transactions of Foreign Currency

### Accounting of Transactions Export of Goods or Services

Particulars		Debit	Credit
<u>On Balance Sheet Date (For Outstanding Balance)</u>			
<b>In Case of Foreign Exchange Fluctuation Loss</b>			
Foreign Exchange Fluctuation A/c	Dr	XXX	
To Customer A/c (Debtors A/c)			XXX
<b>OR</b>			
<b>In Case of Foreign Exchange Fluctuation Gain</b>			
Customer A/c (Debtors A/c)	Dr	XXX	
To Foreign Exchange Fluctuation A/c			XXX

## Accounting of Transactions of Foreign Currency

### Accounting of Transactions Export of Goods or Services

Particulars		Debit	Credit
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#### On Balance Sheet Date (For Net Loss or Gain)

#### In Case of Net Foreign Exchange Fluctuation Loss

Profit and Loss A/c	Dr	XXX	
To Foreign Exchange Fluctuation A/c			XXX

**OR**

#### In Case of Net Foreign Exchange Fluctuation Gain

Foreign Exchange Fluctuation A/c	Dr	XXX	
To Profit and Loss A/c			XXX

**Thank You !!!**

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