

## Chapter: Accounting for Foreign Currency AS 11

(1) Marvel Ltd imported goods from Larson Ltd of Germany worth US \$ 2,00,000 on 30<sup>th</sup> November, 2017 when the exchange rate was Rs 69 per US \$. The payment was made as follows:

Date	Amount	Exchange rate per US \$
12 <sup>th</sup> November, 2017	1,00,000	Rs 68
17 <sup>th</sup> December, 2017	50,000	Rs 70
25 <sup>th</sup> January, 2018	50,000	Rs 67

Marvel Ltd closes its books on 31<sup>st</sup> March every year. On 31<sup>st</sup> March, 2018, the exchange rate was Rs 68 per US \$.

You are required to pass journal entries in the books of Marvel Ltd for the year ended 31<sup>st</sup> March, 2018.

(2) On 31<sup>st</sup> October, 2010 M/s Raman Industries Ltd exported goods worth US \$ 60,000 to M/s WMS Co. USA paid the installments as under:

Date	Installment in US \$	Exchange rate per US \$
1/12/2010	18000	44.00
1/02/2011	12000	46.00
10/03/2011	12000	43.00
17/04/2011	10000	46.00
19/05/2011	8000	47.00

Additional information:

- (i) Exchange rate as on 31/10/2010 was Rs 45.00 per US \$ and as on 31/03/2011 was Rs 44.00 per US \$
- (ii) Accounts were closed on 31<sup>st</sup> March every year.
- (iii) Apply AS-11

Prepare WMS's account in the books of Raman Industries Ltd for the year ended 31/03/2011.

(3) Journalise the following transactions in the books of M/s Dhavan and Co. for the year ended 31<sup>st</sup> March 2011.

Date	Transactions
30/11/2010	Export of goods worth US \$60000 to M/s Jackson Ltd.
27/12/2010	Import of goods worth US \$40000 from M/s McMilan & Co.
19/02/2011	Received from M/s Jackson Ltd US \$25000
22/03/2011	Paid US \$10000 to M/s McMilan & Co.

Note: (1) Accounts are closed on 31<sup>st</sup> March every year. (2) Apply AS-11 (3) Exchange rate as per US\$ was as under:

Date	Exchange rate per US \$
30/11/2010	47.00
27/12/2010	48.00
19/02/2011	45.00
22/03/2011	46.00
31/03/2011	49.00

(4) Mr. Nikhil from Pune exported goods to Mr. Samsung of Japan on 1<sup>st</sup> August, 2012 of 1,80,000 USD.

Mr. Nikhil received the following payments from Mr. Samsung for the same:

60000 USD on 1<sup>st</sup> July, 2012

50000 USD on 11<sup>th</sup> September, 2012

Balance on 2<sup>nd</sup> April, 2013

Foreign currency rates on different dates were:

01/07/2012- 1 USD @ 68.15

01/08/2012- 1 USD @ 68.40

11/09/2012- 1 USD @ 68.30

31/03/2013- 1 USD @ 68.60

02/04/2013- 1 USD @ 68.50

You are required to pass the necessary journal entries in the books of Mr. Nikhil to record the above foreign currency transaction as per AS-11.

(5) Journalise the following transactions in the books of M/s Rumani and Co. Ltd for the year ended 31<sup>st</sup> March 2012

Date	Transactions
30/11/2011	Export of goods worth US \$60000 to M/s Jackson Ltd
27/12/2011	Import of goods worth US \$40000 from M/s Max Ltd
13/01/2012	Received US \$25000 from M/s Jackson Ltd
27/01/2012	Paid to M/s Max Ltd US \$20000
19/02/2012	Received from M/s Jackson Ltd US \$35000
31/03/2012	Paid US \$20000 to M/s Max Ltd

Exchange rate as per US \$ was as follows:

Date	Exchange rate as per US \$
30/11/2011	47.00
27/12/2011	48.00
13/01/2012	50.00
27/01/2012	47.00
19/02/2012	45.00
31/03/2012	49.00

(7) Mr. Kedar from Sangoli imported goods from Mr. Pollock on 13<sup>th</sup> September, 2011 of 1,50,000 USD.

Mr. Kedar made the following payments for the same:

40000 USD on 07/10/2011

60000 USD on 26/02/2012

Balance on 16/04/2012

Foreign currency rates on different dates were as:

13/09/2011- 1 USD @ 63.45

07/10/2011- 1 USD @ 63.25

28/02/2012- 1 USD @ 63.60

31/03/2012- 1 USD @ 63.75

16/04/2012- 1 USD @ 64.20

You are required to pass the necessary journal entries in the books of Mr. Kedar to record the above foreign currency transaction as per AS-11.

(8) On 1<sup>st</sup> January 2012, John Ltd imported goods worth \$85000 from Synergy Ltd, USA. The payments were made as under:

Date	Amount (\$)	Exchange rate/dollar
10/01/2012	16,000	Rs 61
15/02/2012	18,000	Rs 62
15/03/2012	29,000	Rs 63
15/04/2012	22,000	Rs 59

Exchange rate on 1/1/2012 was 1\$=Rs 60

Books are closed on 31<sup>st</sup> March every year. The exchange rate on 31/3/2012 was \$1=Rs 63

Pass necessary journal entries in the books of John Ltd to record the above transactions and also prepare Synergy Ltd USA account and foreign exchange fluctuation account in the books of John Ltd for the year ended 31/03/2012 and 31/03/2013.

(9) Purab Ltd exported goods to Paschim Ltd as on 1<sup>st</sup> March, 2013 for \$100000 when the exchange rate was 1 US \$= Rs 62.

The amount was received in three installments as under:

Date	Installment(US \$)	Rate of exchange
5 <sup>th</sup> March, 2013	40000	Rs 61
18 <sup>th</sup> March,2013	35000	Rs 63
30 <sup>th</sup> March,2013	25000	Rs 60

(10) Ananya Ltd imported goods from Bluebirds Ltd USA worth US \$1,50,000 on 1<sup>st</sup> December 2013, when the exchange rate was Rs 60 per US \$. The amount to be paid in installments is as follows:

Date	Amount of installment- US \$	Exchange rate as per US \$(Rs)
31-12-2013	20000	60
15-01-2014	40000	62
10-02-2014	60000	59
30-04-2014	30000	65

Ananya Ltd closes the books of accounts on 31<sup>st</sup> March every year. On 31<sup>st</sup> March 2014 the exchange rate was Rs 63 per US\$. You are required to pass journal entries for the years ended 31<sup>st</sup> March 2014 and 31<sup>st</sup> March 2015 in the books of Ananya Ltd.

Also prepare Foreign Exchange Fluctuation Account in the books of Ananya Ltd for the relevant years.

(11) Krishna Ltd imported goods from Skylark Ltd of USA worth US\$3,00,000 on 31<sup>st</sup> October, 2014 when the exchange rate was Rs 65 per US\$. The amount paid in installments were as follows:

Date	Amount of installment-US \$	Exchange rate per US \$(Rs)
15-11-2014	1,00,000	64
15-03-2015	50,000	66
20-04-2015	50,000	63
10-01-2016	1,00,000	61

Krishna Ltd closes its books on 31<sup>st</sup> March every year. On 31<sup>st</sup> March,2015 the exchange rate was Rs 61 per US\$.

You are required to pass journal entries in the books of Krishna Ltd for the years ended 31<sup>st</sup> March 2015 and 31<sup>st</sup> March,2016.

Also prepare Foreign Exchange Fluctuation Account in the books of Krishna Ltd for the relevant years.

(12) Aparna Ltd imported goods from Zen Ltd USA worth US\$ 10,00,000 on 1<sup>st</sup> November, 2015 when the exchange rate was Rs 63 per US\$. The amount was paid to Zen Ltd in five equal installments on the following dates:

Date	Exchange rate per US\$
01-12-2015	62
15-01-2016	64
10-02-2016	61
30-04-2016	66
20-06-2016	65

Aparna Ltd closes the books of accounts on 31<sup>st</sup> March every year. On 31<sup>st</sup> March, 2016 the exchange rate was Rs 63 per US\$.

You are required to pass journal entries in the books of Aparna Ltd for the years ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2017.

(13) You are furnished with the following information from the books of M/S Minute-n-Machine-Traders

(a) Balance as on 1<sup>st</sup> April 2009

Particulars	Name of the party	Amount in US \$	Rate Rs as per US \$
Opening Dr Balance	Peterson Inc New York	5,000	45
Opening Cr Balance	Ronaldo Traders Texas	3,000	45

(b) Transactions during the year ended 31<sup>st</sup> March 2010

Date	Transactions	Name of the party	Amount in US \$	Rate Rs as per US \$
2009				
May 12	Purchase of goods	Ronaldo traders Texas	15,000	45
June 28	Payment received	Peterson Inc New York	5,000	47
July 25	Advance received	Maradona & Sons Chicago	1,000	46
Aug 12	Sales of goods	Maradona & Sons Chicago	2,750	47
Sept 8	Payment mode	Ronaldo traders Texas	10,000	45
Oct 18	Payment mode	Ronaldo traders Texas	8000	46
Dec 27	Payment received	Maradona & Sons Chicago	11,750	45
2010				
March 25	Sale of goods	Maradona & Sons Chicago	8,500	47

(c) Exchange rate as on 31<sup>st</sup> March was Rs 45 per US \$.

You are required to pass the necessary journal entries regarding foreign currency transactions in the books of Minute-n-Machine Traders for the year ended 31<sup>st</sup> March 2010.

(14) On 1/1/2017 PS Ltd has imported goods from Canada based company S.R & Co. worth Canadian (CA\$) 70,000\$ at an exchange rate of Rs 47 per CA\$.

The payments were made as follows:

Date	CA\$	Exchange Rate per CA\$
1/2/2017	20,000	Rs 52
1/3/2017	20,000	Rs 46
1/5/2017	30,000	Rs 51

The books of accounts are closed on 31<sup>st</sup> March. The exchange rate of 31/03/2017 was Rs 48 per CA\$.

Pass necessary journal entries in the books of PS Ltd and Prepare Foreign Exchange Fluctuation A/C.