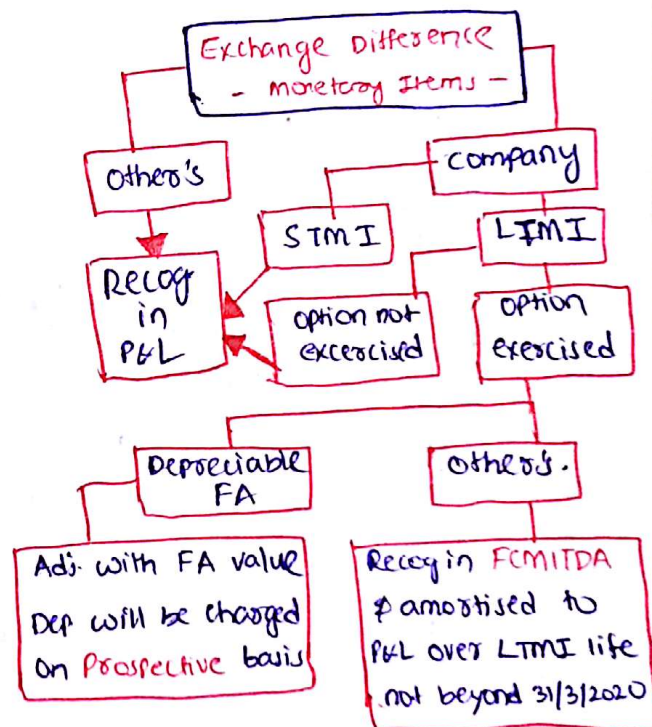
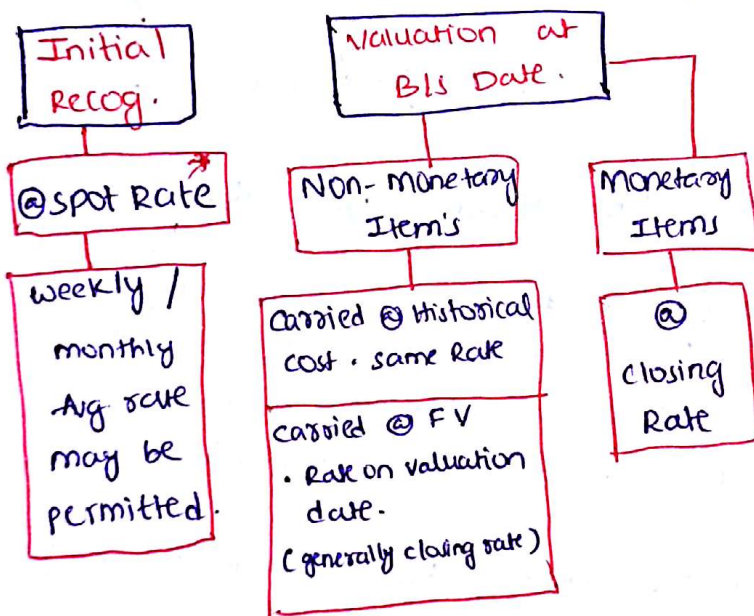


AS 11 The Effects of changes in Foreign Exchange Rates

Applicable	- In Accounting for transactions in foreign currencies. - In Translating the FS of foreign Operations. - In Accounting for foreign currency transac. of Forward exchange contract
Not Applicable	- Not specify currency in which an Entpr presents in FS. - Not deals with restatement of an Entpr FS into another currency for convenience of users - Not deals with presentation in a CFS of CF arising from transactions in a foreign currency. & foreign Operations.

Accounting for Foreign Currency Transactions

- Buys or sells goods or services
- Borrow or Lends funds
- Acquires or disposes of Assets
- Unperformed forward exch contract amounts p'ble cos R'ble in Foreign Currency.



Monetary Items: are money held and A&L to be R'ed (or) Paid in FIXED or determinable amounts of money.

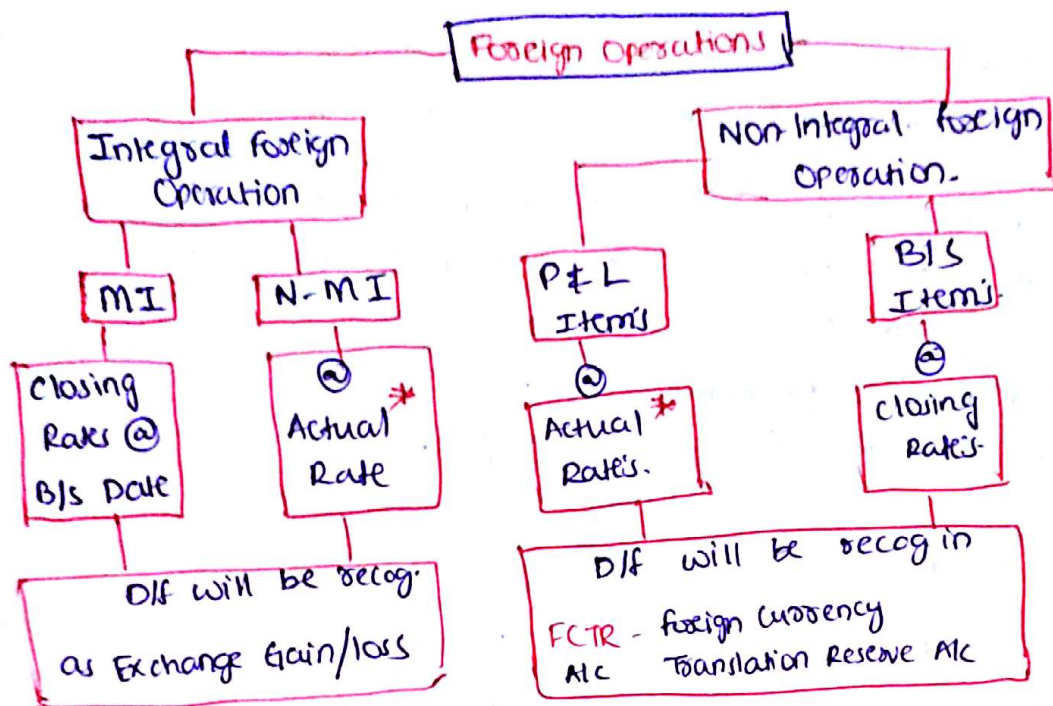
Eg: Cash, R'bles, p'bles, Bank, Tax payable
 cr's, cr's salaries, Debentures.
 Redeemable pref. shares.

Non-monetary Items: A&L other than MI
 FA, Inv, Inv in ES, Irredeemable P.S,
 Paid for Tax, stock, Building, computers

Foreign Currency Monetary
 Item Translation Diff A/c

TRANSLATION (ie. Foreign currency $\rightarrow$ Reporting currency)

* Unless otherwise mentioned Branch is Integral.



* If actual / spot rate is not determinable we appropriate rate.

ie. OP / CI / Avg

Eg: stock, date not known when it was purchased use closing rate.

Forward Exchange Contracts.

Agreement to exchange dif currencies @ Forward Rate.

Specified exchange rate for exchange @ specified future date.

For Hedging

Premium / discount amortized over life of the contract.

$$\frac{\text{Fwd rate} - \text{spot rate}}{\text{Pr / disc.}}$$

For Trading / speculation

• No premium / discount is recognized.

Gain / loss on B/s date.

$$\frac{\text{Fwd rate as per contract} - \text{Fwd rate @ B/s date}}{\text{Gain / loss}}$$

Gain / loss on cancellation

$$\frac{\text{Fwd rate on B/s date} - \text{spot rate on cancellation}}{\text{Profit / loss on cancellation}}$$

Recognized in P&L Alc