

Option 1:- Pay immediately at 1%. Cash Discount

<u>Particulars</u>	<u>Amount.</u>
Total Payable	\$ 50000
(-) 1% Discount	\$ 500
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Net Payable (in \$)	\$ 49500
Net payable (in ₹) @ 97	₹ 48,01,500
(+) Interest on borrowings @ 15% p.a. for 6 months	₹ 36,113
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	<u>Total outflow = ₹ 51,61,613</u>

Option 2:- Pay after 6 months @ 5% p.a. interest

<u>Particulars</u>	<u>Amount.</u>
Payable	\$ 50000
(+) Interest @ 5% p.a. for 6 months	\$ 1250
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	<u>Total payable after 6 months = \$ 51250</u>
	<u>Total outflow @ 99/- = ₹ 50,73,750</u>

Option II should be availed.

Q301

Provision :- As per AS 11 ("name"), Forward Ex. Contracts in the nature of speculation should be treated as under :-

Any Gain/Loss (difference between Contract Rate & Settlement rate) should be charged to the SPL.

Working :-

<u>Particulars</u>	<u>Amount.</u>
1/12 Contract Rate	\$ 47.10
31/1 Settlement Rate	\$ 47.18
Increase i.e. Gain	\$ 0.08
Total Gain on \$100000	\$ 8000
Transfer to P&L.	

Foreign Branch (operation)

IFO
(Integral)

Br. Trail Bal. (\$)

Conversion into (\$)

NIFO
(non-Integral)

Br. TB (\$)

Conversion into (\$)

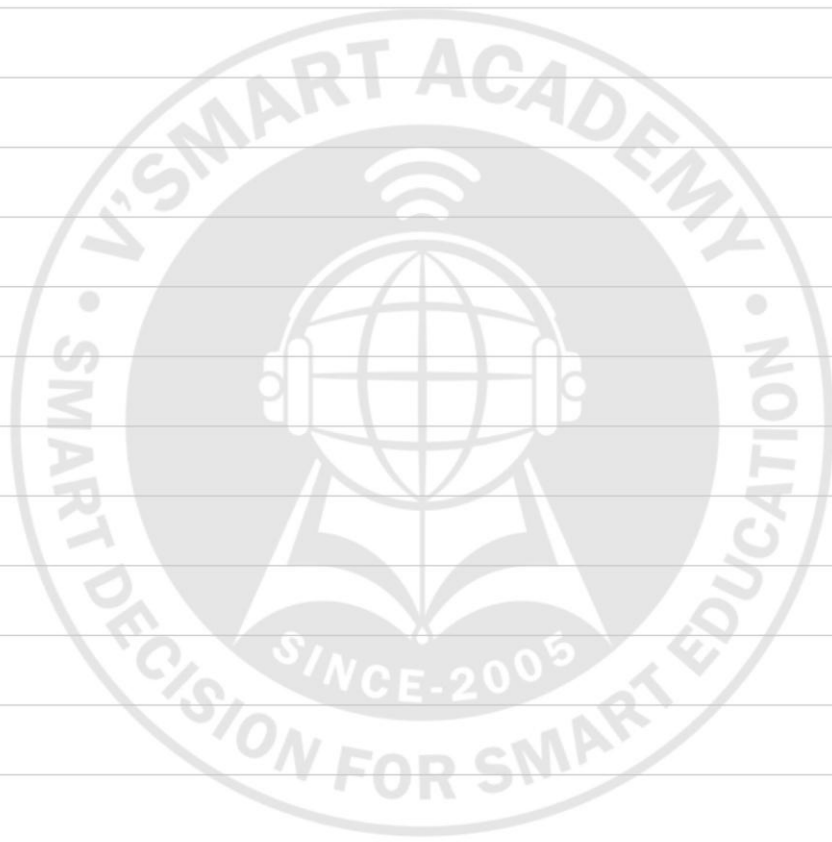
- 1) M.I. \Rightarrow Close Rate
- 2) N.M.I. \Rightarrow Same Spot Rate (Historical)
- 3) Income Exp \Rightarrow Avg. Rate
- 4) Clo. stock \Rightarrow Clos. Rate
- 5) HO Bal. Goods Received from HO \Rightarrow actual Bal. in HO Books

- 1) All Asset/Liab. Close Rate
- 2) Income/Exp Avg. Rate

Same

Ex. Difference \Rightarrow P&L ak

Ex. differ \Rightarrow FCTR (R&S)



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