M com. Sem-4
International Accounting

Chap. 3.

Lecture- 2

* Accounting Approaches of International Transactions

① Singal Transaction Approach

② Dual Transaction Approach

Profit or Loss arises due to difference in Exchange Rate

Currency value / Trade	Devaluation of ₹	Appreciation of ₹
Import (Pur.) Trade Payables	Loss	Profit
Export (Sale) Trade Rec.	Profit	Loss

\$ = 80 DOT 1000 \$ = ₹ 80,000

\$ = 85 DOS 1000 \$ = ₹ 85,000

\$ = 75 1000 \$ = ₹ 75,000

(A) In Case of Import

When Devaluation of INR

① On the date of Transaction (Import)

$80

Purchase A/c Dr
    To Creditors A/c

② On the date of B/S

$82
$78 ✓

Purchase A/c Dr
    To Creditors A/c
{ Diff of ER }

③ On the date of settlement

Stock A/c Dr
    To Creditors A/c
{ Diff of ER }

④ On the DOS payment

Creditors A/c Dr
    To Bank

When Appreciation of INR

① Purchase A/c Dr
    To Creditors A/c

② Creditors A/c Dr
    To purchase
{ Diff of ER }

③ Creditors A/c Dr
    To Stock A/c
{ Diff of ER }

④ Creditors A/c Dr
    To Bank A/c