Solutions to Chapter 11 Supplementary Problems

Problem 1-Current Rate Method	Subsidiary in €	Rate	Subsidiary in $
Cash	159,200	1.39	221,288
Accounts Receivable	290,000	1.39	403,100
Inventory	372,500	1.39	517,775
PPE	896,800	1.39	1,246,552
COGS	750,000	1.33	997,500
Operating Expenses	325,000	1.33	432,250
Dividends	17,500	1.37	23,975
Total Debits	2,811,000		3,842,440
Current Liabilities	212,000	1.39	294,680
Long-term Liabilities	494,000	1.39	686,660
Common Stock	100,000	1.25	125,000
APCI	125,000	1.25	156,250
R/E, 1/1	630,000	Given	803,250
Sales	1,250,000	1.33	1,662,500
Total Credits	2,811,000		3,728,340
Translation Adjustment - Plug (OCI)			114,100
Total Credits			3,842,440

Problem 2-Current Rate Method	Subsidiary in €	Rate	Subsidiary in $
Cash	311,637	1.04	324,102
Accounts Receivable	254,040	1.04	264,202
Inventory	326,310	1.04	339,362
PPE	603,564	1.04	627,707
COGS	657,000	1.01	663,570
Operating Expenses	284,700	1.01	287,547
Dividends	15,330	1.02	15,637
Total Debits	2,452,581		2,522,127
Current Liabilities	185,712	1.04	193,140
Long-term Liabilities	432,744	1.04	450,054
Common Stock	164,250	0.63	103,478
R/E, 1/1	574,875	Given	437,543
Sales	1,095,000	1.01	1,105,950
Total Credits	2,452,581		2,290,165
Translation Adjustment - Plug (OCI)			231,962
Total Credits			2,522,127

Problem 3 - Temporal Method	Subsidiary in €	Rate	Subsidiary in $
(A) Cost of Goods Sold:			
Beginning Inventory	310,417	1.25	388,021
Add: Purchases	812,083	1.33	1,080,070
Deduct: Ending Inventory	(372,500)	1.39	(517,775)
Cost of Goods Sold:	750,000		950,317
(B) PPE			
Land	326,800	1.26	411,768
Buildings	360,000	1.27	457,200
Acc Dep'n-Buildings	(30,000)	1.27	(38,100)
Equipment	280,000	1.29	361,200
Acc Dep'n-Equipment	(40,000)	1.29	(51,600)
PPE, net	896,800		1,140,468
(C) Depreciation Expense			
Dep'n Expense-Building	30,000	1.27	38,100
Dep'n Expense-Equipment	40,000	1.29	51,600
Total Depreciation Expense	70,000		89,700

	Subsidiary in €	Rate	Subsidiary in $
Cash	159,200	1.39	221,288
Accounts Receivable	290,000	1.39	403,100
Inventory	372,500	1.39	517,775
PPE	896,800	(B)	1,140,468
COGS	750,000	(A)	950,317
Operating Expenses	255,000	1.33	339,150
Dep'n Expense	70,000	(C)	89,700
Dividends	17,500	1.37	23,975
Total Debits	2,811,000		3,685,773
Current Liabilities	212,000	1.39	294,680
Long-term Liabilities	494,000	1.39	686,660
Common Stock	225,000	1.25	281,250
R/E, 1/1	630,000	Given	803,250
Sales	1,250,000	1.33	1,662,500
Total Credits	2,811,000		3,728,340
Remeasurement Gain/(Loss) - Plug (NI)			(42,567)
Total Credits			3,685,773

Problem 4-Temporal Method	Subsidiary in NZD	Rate	Subsidiary in $
(A) Cost of Goods Sold:			
Beginning Inventory	1,117,500	0.76	849,300
Add: Purchases	2,923,500	0.83	2,426,505
Deduct: Ending Inventory	(1,341,000)	0.93	(1,247,130)
Cost of Goods Sold:	2,700,000		2,028,675
(B) PPE			
Land	980,400	0.60	588,240
Buildings	1,800,000	0.61	1,098,000
Acc Dep'n-Buildings	(900,000)	0.61	(549,000)
Equipment	1,200,000	0.62	744,000
Acc Dep'n-Equipment	(600,000)	0.62	(372,000)
PPE, net	2,480,400		1,509,240
(C) Depreciation Expense			
Dep'n Expense-Building	90,000	0.61	54,900
Dep'n Expense-Equipment	120,000	0.62	74,400
Total Depreciation Expense	210,000		129,300

	Subsidiary in NZD	Rate	Subsidiary in $
Cash	1,280,700	0.93	1,191,051
Accounts Receivable	1,044,000	0.93	970,920
Inventory	1,341,000	0.93	1,247,130
PPE	2,480,400	(B)	1,509,240
COGS	2,700,000	(A)	2,028,675
Operating Expenses	960,000	0.83	796,800
Dep'n Expense	210,000	(C)	129,300
Dividends	63,000	0.92	57,960
Total Debits	10,079,100		7,931,076
Current Liabilities	763,200	0.93	709,776
Long-term Liabilities	1,778,400	0.93	1,653,912
Common Stock	675,000	0.48	324,000
R/E, 1/1	2,362,500	Given	1,578,336
Sales	4,500,000	0.83	3,735,000
Total Credits	10,079,100		8,001,024
Remeasurement Gain/(Loss) - Plug (NI)			(69,948)
Total Credits			7,931,076