

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (10 points each) For each of the events below, set up the double entry bookkeeping. Briefly explain how you determined the debits and the credits.

A) I pay for a hotel in London for \$500.

B) A citizen of the USA sends \$400 to a family member in Mexico.

C) A Japanese company buys \$600 worth of stock in Ford.

D) An American buys \$300 worth of computer supplies from South Korea.

E) I buy \$200 worth of Mitsubishi stock.

F) An Egyptian bank pays me \$100 worth of interest.

2) (25 points) Use your answers to Question #1 to calculate the balance of goods trade, balance on services, balance on goods and services, balance on goods, services, and income, and current account balance. Show all work and briefly explain how you got each answer.

3) (15 points) On page 457, it says that “Foreign-owned assets in the US, net (increase/financial inflow (+)).” What does that mean? Give an example of why it is +.