

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) Explain  $KFA = -CA$ . (I wrote it in the easiest form to explain.)
- 2) (15 points) What is meant by “An increase in US-owned assets abroad.”? Give an example. Is that a debit or a credit for the USA? Why?
- 3) (15 points) What is meant by “An increase in foreign-owned assets in the USA.”? Give an example. Is that a debit or a credit for the USA? Why?
- 4) (15 points each) For each of the following, tell me which account is debited and which is credited. Briefly state how you reached that conclusion. What happens to the CA and the KFA?
  - A) I bought a CD from Japan for \$30.
  - B) A British citizen sells 100 shares of stock in Apple to a US citizen for \$10,000.
  - C) An American company provides accounting services for a Canadian company.
  - D) You sell a Greek bond which you own, back to a Greek citizen for \$10,000.