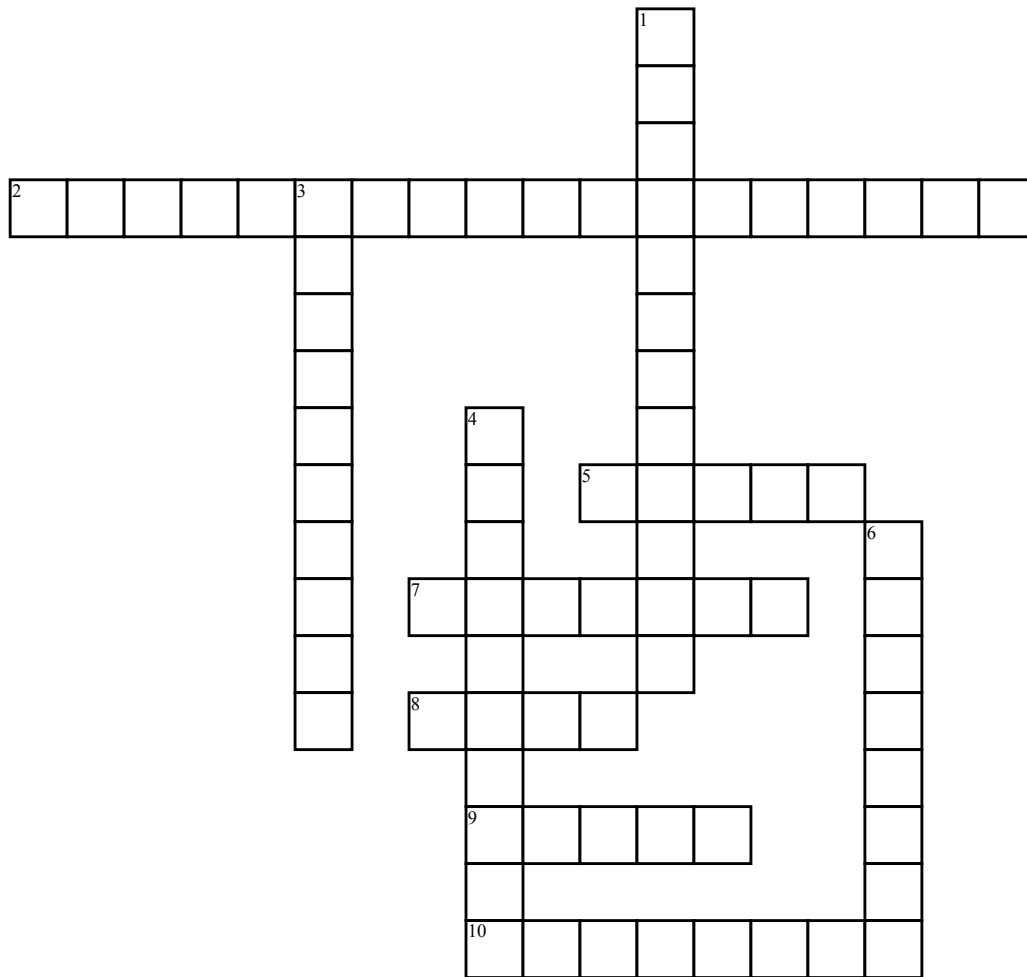


Chapter 8- Translation of Foreign Currency Financial Statements



Across

- 2. Some companies hedge their balance sheet exposures to avoid reporting losses in income and negative translation adjustments in _____
- 5. The effects of changes in Foreign Exchange Rates, contains guidance for the translation of foreign currency financial statements.
- 7. All assets and liabilities are translated at the _____ exchange rate.
- 8. Changes in _____ value of forward contracts are deferred in stockholders equity until the subsidiary whose balance sheet exposure in being hedged is sold or liquidated.
- 9. Financial Reporting in Hyperinflationary Economies translates the statements into parent company currency using the current exchange rate.

- 10. The net translation adjustment needed to keep the consolidated balance sheet is based on the net asset or net liability _____

Down

- 1. When a foreign operation is located in a highly inflationary economy, remeasurement gains and losses will be reported in the _____ income statement.
- 3. The _____ exchange rates exist when assets and liabilities are acquired
- 4. IAS 21 also requires companies to provide information related to their _____ translation adjustments.
- 6. Depreciation in the foreign currency will result in a _____ translation adjustment.

Word Bank

- | | | | |
|---------------------|--------|--------------|------------|
| exposure | IAS 21 | Consolidated | Historical |
| Negative | Fair | Current | Cumulative |
| Stockholders Equity | IAS 29 | | |