**15-6A –** Roundtree Company, a U.S. corporation with customers in several foreign countries, had the following selected transactions for 2011 and 2012.

**2011**

**Apr. 8** Sold merchandise to Salina & Sons of Mexico for $7,938 cash. The exchange rate for pesos is $0.1323 on this day.

**July 21** Sold merchandise on credit to Sumito Corp. in Japan. The price of 1.5 million yen is to be paid 120 days from the date of sale. The exchange rate for yen is $0.0096 on this day.

**Oct 14** Sold merchandise for $19,000 pounds to Smithers Ltd. of Great Britain, payment in full to be received in 90 days. The exchange rate for pounds is $1.5181 on this day.

**Nov. 18** Received Sumito’s payment in yen for its July 21 purchase and immediately exchanged the yen for dollars. The exchange rate for yen is $0.0091 on this day.

**Dec. 20** Sold merchandise for 17,000 ringgits to Hamid Albar of Malaysia, payment in full to be received in 30 days. On this day, the exchange rate for ringgits is $0.6852.

**Dec. 31** Recorded adjusting entries to recognize exchange gains or losses on Roundtree’s annual financial statements. Rates for exchanging foreign currencies on this day follow.

|  |
| --- |
| Pesos (Mexico……………………$0.1335  Yen (Japan……………………….. 0.0095  Pounds (Britain)…………………….1.5235  Ringgits (Malaysia)…………………0.6807 |

**2012**

**Jan. 12** Received full payment in pounds from Smithers for the October 14 sale and immediately exchanged the pounds for dollars. The exchange rate for pounds if $1,5314 on this day.

**Jan. 19** Received Hamid Albar’s full payment in ringgits for the December 20 sale and immediately exchanged the ringgits for dollars. The exchange rate for ringgits is $0.6771 on this day.

**Required**

1. **Prepare journal for the Roundtree transactions and adjusting entries (round amounts to the nearest dollar).**
2. **Compute the foreign exchange gain or loss to be reported on Roundtree’s 2011 income statement.**

**Analysis Component**

1. **What actions might Roundtree consider to reduce its risk of foreign exchange gains or losses?**