

# Correction:

## Effects Of Exchange Rates On International Transfer Pricing Decisions

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*The following Table was submitted by the authors as an update, however, the International Business & Economics Research Journal, Volume 3, Number 3, page 39 had already gone to press. We apologize for any inconvenience.*

**Table 2: Summary Of The Current Rate Method And The Temporal Method Of US FAS No. 52**  
(Sources: Choi *et al* 2002; Fischer *et al* 2002)

Current Rate Method	Temporal Method
I/S items – prevailing current rate or weighted-average exchange rate	I/S items – weighted-average exchange rate
All assets & liabilities – current rate	Monetary items – current rate Nonmonetary items: Items carried at historical cost – historical rate Items carried at fair (current) value – current rate
Equity – historical rate – current income added to retained earnings using current rate or weighted-average	Equity – historical rate – current income added to retained earnings using current rate or weighted-average

- if local currency is functional currency, use current rate method (translation gains/losses are included in the Shareholders' Equity section on the B/S)
- if the dollar is the functional currency, translate foreign currency to US\$ using temporal method (translation gains/losses are included in the Income Statement)
- if the dollar is not the functional currency, translate foreign currency to functional currency using temporal method first (translation gains/losses are included in the Income Statement), and then translate functional currency to dollar using current rate method (translation gains/losses are included in the Shareholders' Equity section on the B/S)
- I/S = Income Statement
- B/S = Balance Sheet

Notes