

## Solution to Self Study Problem Ten - 4

In the following Balance Sheet for Part A(iv), the calculation of the Plant and Equipment in parentheses used \$ and should have used £. In addition, although the £3,300,000 is correct for the Old Plant, the calculation in parentheses should have deducted the New value of £1,600,000, not \$3,600,000 as shown in the Study Guide.

To make this calculation easier to understand, we have switched the order of the New and Old amounts.

**Part A(iv) - Integrated Foreign Operation** The required December 31, 2008 Balance Sheet would be prepared as follows:

<b>Royce Ltd. (Integrated Foreign Operation)</b> <b>Balance Sheet</b> <b>As At December 31, 2008</b>			
	Untranslated (£)	Rate	Translated (\$)
Cash	£ 212,000	\$2.00	\$ 424,000
Accounts Receivable	350,000	2.00	700,000
Inventories	1,856,000	2.04	3,786,240
Plant And Equipment (Net)			
New [ (£2,000,000)(80%)]	1,600,000	2.15	3,440,000
Old ( £4,900,000 - £1,600,000 )	3,300,000	2.18	7,194,000
Land	600,000	2.18	1,308,000
<b>Total Assets</b>	<b>£7,918,000</b>		<b>\$16,852,240</b>
Current Liabilities	£ 87,000	\$2.00	\$ 174,000
Long-Term Liabilities	700,000	2.00	1,400,000
Common Stock - No Par	5,600,000	2.18	12,208,000
Retained Earnings	1,531,000	Note Three	3,070,240
<b>Total Equities</b>	<b>£7,918,000</b>		<b>\$16,852,240</b>