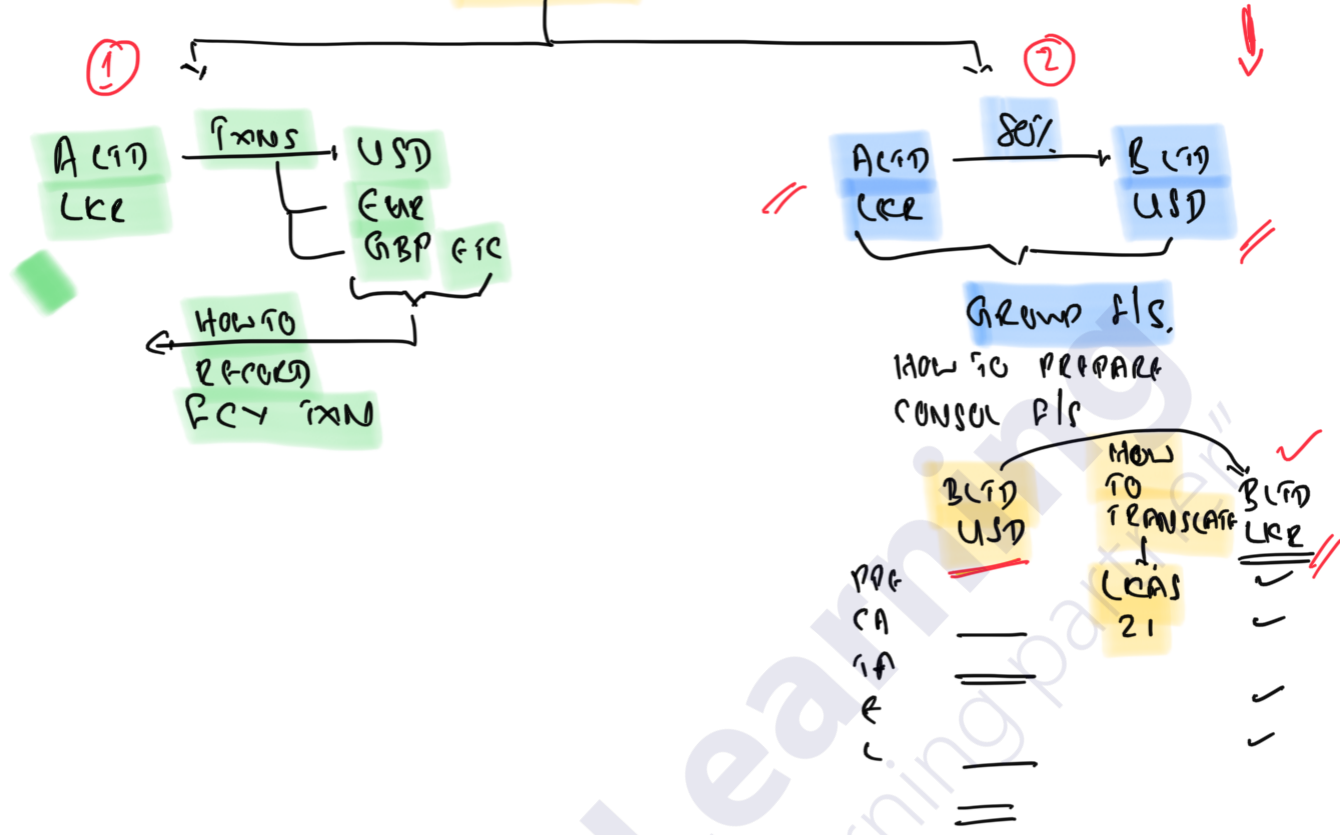
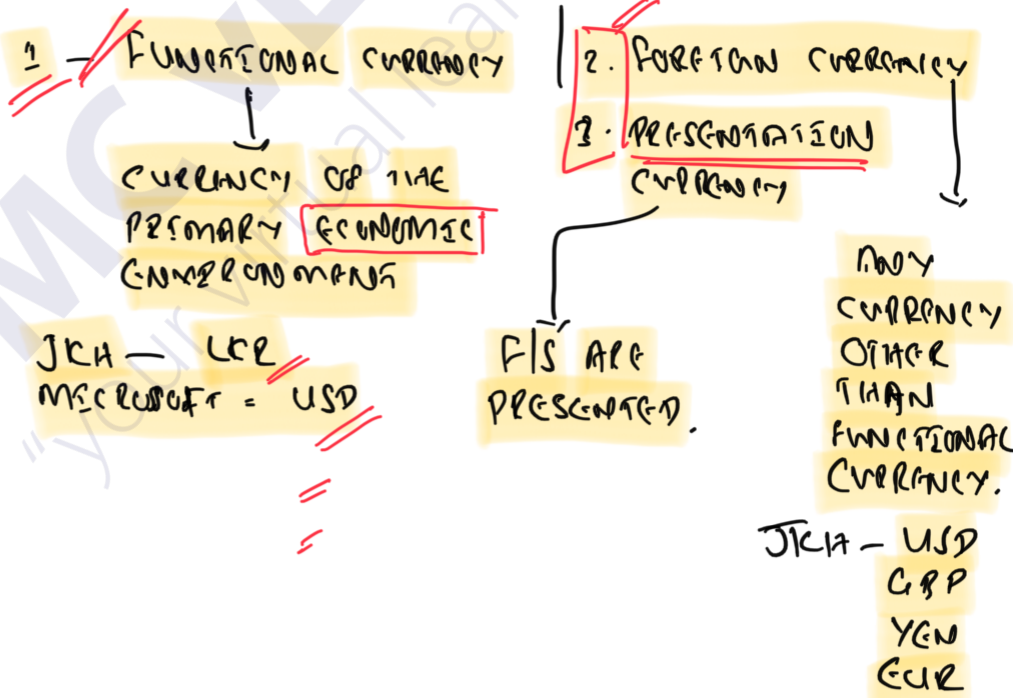


LKAS - 21



DEFINITIONS



FUNCTIONAL CURRENCY

JKIA

IS AN INDEPENDENT ENTITY

NESTLE

IS IT A FOREIGN OPERATION OF ANOTHER ENTITY

(SUBSIDIARY ASSOCIATE OR BRANCH)

② IF IS A SUBSIDIARY OF ANOTHER ENTITY

FUNCTIONAL CCY OF NESTLE CANADA

=

FUNCTIONAL CCY OF NESTLE SWITZERLAND (EUR).

③

⑦ NOT A SUBSIDIARY OF A FOREIGN ENTITY & IS AN INDEPENDENT ENTITY.

NOTE 1

④ IS NL DEPENDENT ON NS FOR ALL DECISION MAKING / FUNDING & IS NL AN EXTENSION OF NS OPS TO SZ.?

IF YES

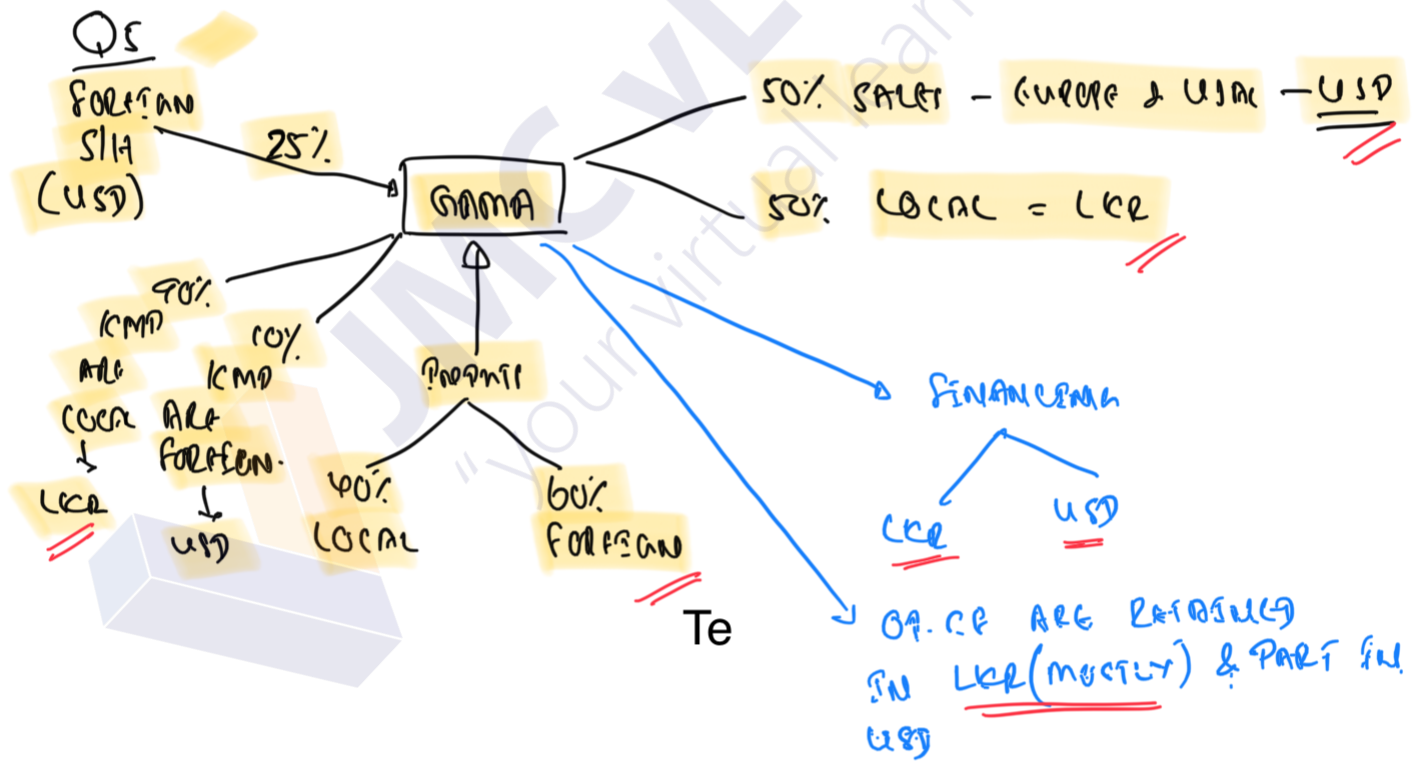
⑤ FUNCTIONAL CCY OF NS = FUNCTIONAL CCY OF NL

IF NO ⑥

THAT IS THAT IS RUN AUTONOMOUSLY & IS INDEPENDENT FROM PARENT

8) **Test - 1** - CCY IN WHICH INVESTMENT FOR SALES PROJECT - \$
 (8.1) { CCY IN WHICH RM ARE SOURCED - \$
 CCY - - LABOUR & OTHER EXPENSES ARE INCURRED.
 LKR LKR
 NOT CONCLUSIVE

8.2) OTHER FACTORS
 - CCY IN WHICH FINANCING IS RAISED - \$
 - - - OPERATING CF ARE RETAINED. LKR
 * JUDGEMENTS TO DETERMINE THE FUNCTIONAL CCY. = LKR

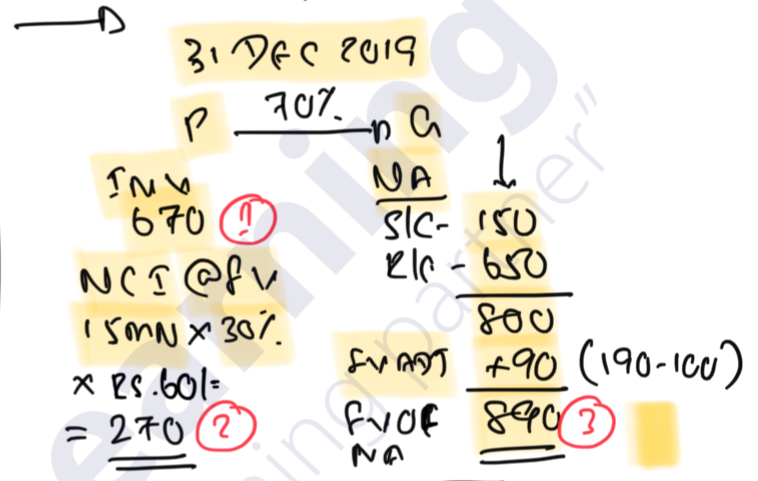
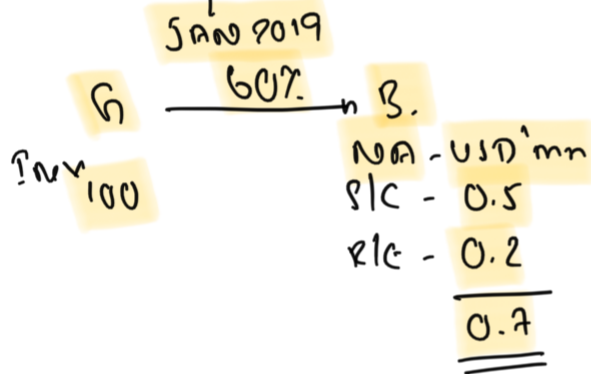


LKR IS THE FUNCTIONAL CURRENCY.

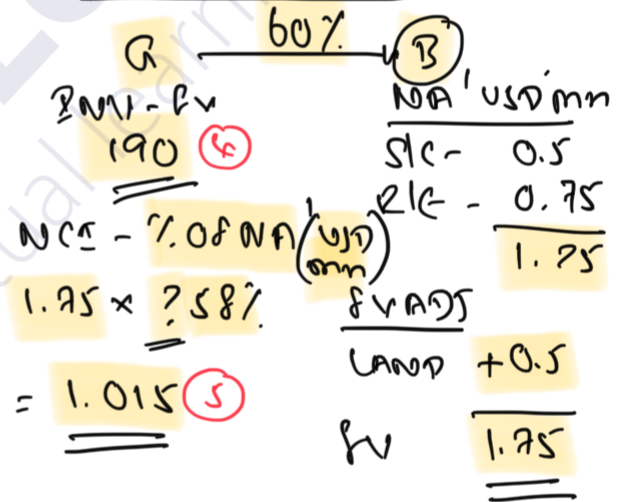
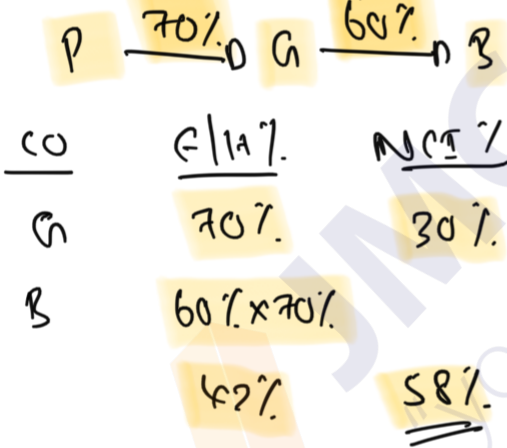
Q5. (b) (£'mn)

~~X~~ IRRELEVANT TO PINNACLE

* ACQ^M DATE FOR Gamma & Beta



GROUP STRUCTURE



TRANSLATION REQUIREMENT

- 1) ALL ASSETS & LIABILITIES \longrightarrow AT Y/E EX. RATE.
- 2) ACQ^M DATE - SC + RESERVES \longrightarrow AT ACQ^M DATE EX. RATE
- 3) POST ACQ^M PROFITS \longrightarrow AT A Y/E RATE WHEN PROFITS WERE PARING

4) DIFFERENCE IN TRANSLATED S/P/L → CONSIDER AS TRANSLATION GAIN/LOSS
 - FOREIGN CURRENCY TRANSLATION RESERVE (FCTR)

TRANSLATION OF BFA'S S/P TO CR.

ITEM	USD 'mn	EX: RATE	CR 'mn
PPE	2	180	360
FIX ASST - (LAND)	0.5	180	90
CA	1	180	180
TA	<u>3.5</u>		<u>630</u>
SLC	0.5	180	90
RLC - ACQ th DATE	0.75	180	135
FIX ASST - ACQ th DATE	0.5	180	90
ACQ th DATE NA	1.75		315 (6)
RLC - POST ACQ th	-	-	-
EQUITY BEFORE FCTR	1.75		315
FCTR	-		-
TOTAL EQUITY	1.75		<u>315</u> = (630 - 207 - 108)
NCL	0.6	180	108
CL	1.15	180	207
TBL	<u>3.5</u>		<u>630</u>



GW CALCULATION

	GW-A	NCE-G	GW-B	NCE-B	R/E	Rese
ENV ①	670					
NCE ②	270	270				
NA ③	(890)					
GW-A	50					
R/E - POST ACQ ^m - G		x			x	
<hr/>						
ENV B - BY G						
- 190 [70% ④]		(57)	133			
NCE - 1.015 x 180 ⑤			182.7	182.7		
NA ⑥			(215)			
			0.7			
	50	213	0.7	182.7		

EFFECT ON CONSOLIDATED FINANCIAL STATEMENTS

$$\text{NCA} \quad (P + 1,000 + 360 + 90)$$

$$\text{GW} \quad (50 + 0.7)$$

$$\text{CA} \quad (P + 800 + 180)$$

$$\text{NCE} \quad (213 + 182.7)$$

$$\text{NCL} \quad (P + 500 + 108)$$

$$\text{CL} \quad (P + 600 + 207)$$



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