

Arenta

3. a) The functional currency of Arenta, a public limited company, is the Dollar (\$). Two years ago, Arenta established a European-based subsidiary Rima that produces and sells electronic equipment throughout Europe. The sale prices for Rima's goods, labour and materials are determined in Euros (€).
- Rima has produced the following draft financial statements for the year ended 30 April 2014.

<i>Statement of financial position</i>	€m	€m
Non-current assets		831
Current assets		
Inventories	514	
Trade receivables	<u>237</u>	
		<u>751</u>
		<u>1,582</u>
Equity share capital (€1 shares)		267
Retained earnings		<u>776</u>
		1,043
Non-current liabilities		304
Current liabilities		<u>235</u>
		<u>1,582</u>
 <i>Statement of profit or loss</i>		
Profit before tax		443
Tax		<u>200</u>
Profit after tax		<u>243</u>

- Rima was incorporated during May 2012 when Arenta subscribed \$70 million for 100% of the equity share capital. No dividends were paid during the year.
- All transactions occurred evenly throughout the year.
- Exchange rates:

€ : \$	
On incorporation	4 : 1
30 April 2013	3.5 : 1
Average for the year ended 30 April 2014:	3 : 1
30 April 2014	2 : 1

Required

Translate the above financial statements of Rima for the purpose of the consolidation exercise for the year ended 30 April 2014 showing and describing all movements in the group's equity and retained earnings as a result of the translation exercise.