

Below is the trial balance for Haverford Co at 31 December 20X7:

	\$'000	\$'000
Property - carrying amount 1 January 20X7 (note (iv))	18,000	
Ordinary shares \$1 at 1 January 20X7 (note (iii))		20,000
Other components of equity (Share premium) at 1 January 20X7 (note (iii))		3,000
Revaluation surplus at 1 January 20X7 (note (iv))		800
Retained earnings at 1 January 20X7		6,270
Draft profit for the year ended 31 December 20X7		2,250
4% Convertible loan notes (note (i))		8,000
Dividends paid	3,620	
Cash received from contract customer (note (ii))		1,400
Cost incurred on contract to date (note (ii))	1,900	
Inventories (note (v))	4,310	
Trade receivables	5,510	
Cash	10,320	
Current liabilities		1,940
	43,660	43,660

The following notes are relevant:

(i) On 1 January 20X7, Haverford Co issued 80,000 \$100 4% convertible loan notes. The loan notes can be converted to equity shares on 31 December 20X9 or redeemed at par on the same date.

An equivalent loan without the conversion rights would have required interest of 6%. Interest is payable annually in arrears on 31 December each year.

The annual payment has been included in finance costs for the year. The present value of \$1 receivable at the end of each year, based on discount rates of 4% and 6% are:

	4%	6%
End of year 1	0.962	0.943
End of year 2	0.925	0.89
End of year 3	0.889	0.84

(ii) During the year, Haverford Co entered into a contract to construct an asset for a customer, satisfying the performance obligation over time.

The contract had a total price of \$14m. The costs to date of \$1.9m are included in the above trial balance. Costs to complete the contract are estimated at \$7.1m.

At 31 December 20X7, the contract is estimated to be 40% complete. To date, Haverford Co has received \$1.4m from the customer and this is shown in the above trial balance.

(iii) Haverford Co made a 1 for 5 bonus issue on 31 December 20X7, which has not yet been recorded in the above trial balance. Haverford Co intends to utilise the share premium as far as possible in recording the bonus issue.

(iv) Haverford Co's property had previously been revalued upwards, leading to the balance on the revaluation surplus at 1 January 20X7. The property had a remaining life of 25 years at 1 January 20X7.

At 31 December 20X7, the property was valued at \$16m.

No entries have yet been made to account for the current year's depreciation charge or the property valuation at 31 December 20X7.

Haverford Co does not make an annual transfer from the revaluation surplus in respect of excess depreciation.

(v) It has been discovered that inventory totalling \$0.39m had been omitted from the final inventory count in the above trial balance.

Required:

(c) Prepare the statement of financial position for Haverford Co as at 31 December 20X7. (8 marks)