

CALIFORNIA FRANCHISE TAX BOARD

Internal Procedures Manual
Water's Edge Manual

Rev.: September 2001

**EXHIBIT 11C
COMPUTATION OF CURRENT EARNINGS AND PROFITS**

STEP ONE: TRANSLATION OF BALANCE SHEET ACCOUNTS

<u>Balance Sheet Account</u>	<u>Appropriate Exchange Rate</u>
Cash	Year End Rate
Accounts Receivable	Year End Rate
Other Financial Assets	Year End Rate
Prepaid Accounts	Historical Rate or Year End Rate
Inventory	Same as above
Goodwill, Patents, Intangibles	Historical Rate
Accumulated Depr./Amortization	Historical Rate of Underlying asset
Short term Liabilities	Year End Rate
Long term Liabilities	Year End Rate
Paid in Capital	Historical Rate
Retained earnings	Plugged Amount

- Note: All amounts (except retained earnings) are shown after corrections for accounting and tax adjustments