

[E3-6]

Potter Company acquired 90% of Common stock of Stately Company

by issuing Bond payable = 121,500

Potter Comp → Total assets = 510,000
liability = 320,000
Stockholder Equity = 190,000

Stately Comp → Total assets = 350,000
liability = 215,000
Stockholder Equity = 135,000

A) Potter received total assets

$$\hookrightarrow 510,000 + 121,500 = \underline{631,500}$$

B) Total assets reported Consolidation Balance sheet

$$\hookrightarrow 510,000 + 350,000 - 15,000 = 845,000$$

C) Total liability reported in Consolidation B.S

$$\hookrightarrow (320,000 + 121,500) + 215,000 = 656,500$$

D)

$$121,500 / 0.1 = 1,215,000 \times 0.1 = 121,500$$

$$\hookrightarrow 190,000$$

$$+ 13,500 \rightarrow$$

NCI of NA for SWD

$$= \underline{203,500}$$

E3-7

Pine line Company Acquired 80% of Smudge Company

For 72,000 Cash

$$\frac{72,000}{0.8} = 90,000$$

entry → investment in Smudge 72,000
Cash 72,000

	90,000		
CI	80%	NCI 20%	
	= 72,000	= 18,000	
			C.S. = 50,000
			R.E. = 40,000
			40,000

elimination entry

Dr Common stock - S	50,000	
Dr Retained Earnings - S	40,000	
Cr investment in sub - P		72,000
Cr NCI in NA of sub		18,000

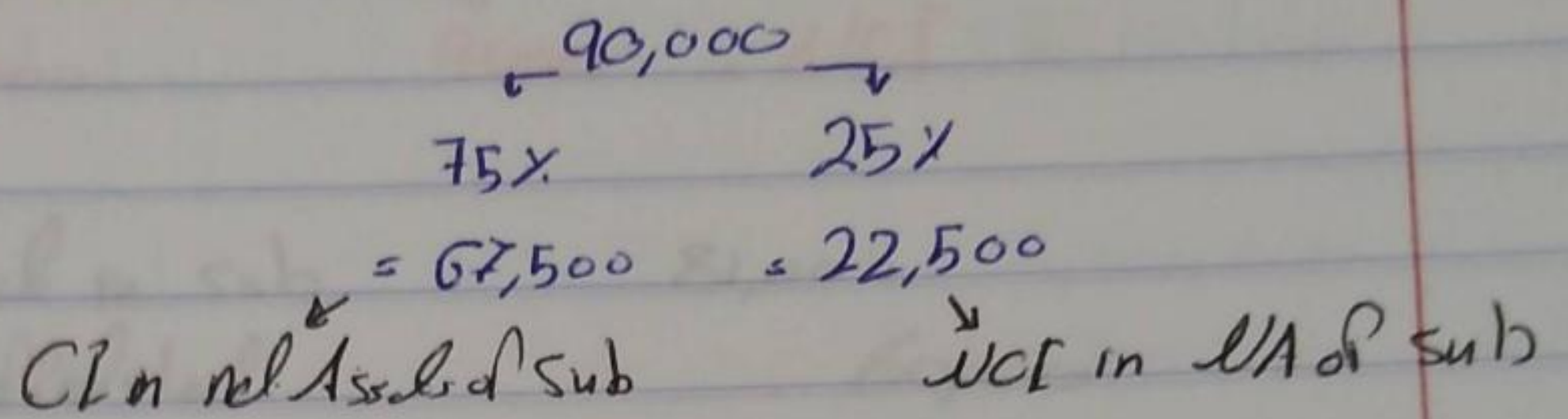
Fineline Pencil Corp and Subsidiary
Consolidated Balance sheet

Jun 2, 2013

Cash	128,000 + 50,000	178,000
Other Assets	400,000 + 120,000	520,000
Total Assets		698,000
Current liability	100,000 + 80,000	180,000
Common stock		300,000
R.E		200,000
NCI in NA of sub		18,000
Total Equity and liability		698,000

E3-8 Computer Corp Acquired 75% of Software Company by issuing Bond at Par value 50,000 and P.M. = 67,500

entry → Investment in sub	67,500	→	RE	40,000
cr Bond payable	50,000		C.S	50,000
cr premium of B/P	17,500		T.SHE	= 90,000



elimination entry

Dr Common stock - S	50,000	
Dr R. Earning - S	40,000	
cr investment in sub - P		67,500
cr <i>NCI in WA of sub</i>		<i>22,500</i>

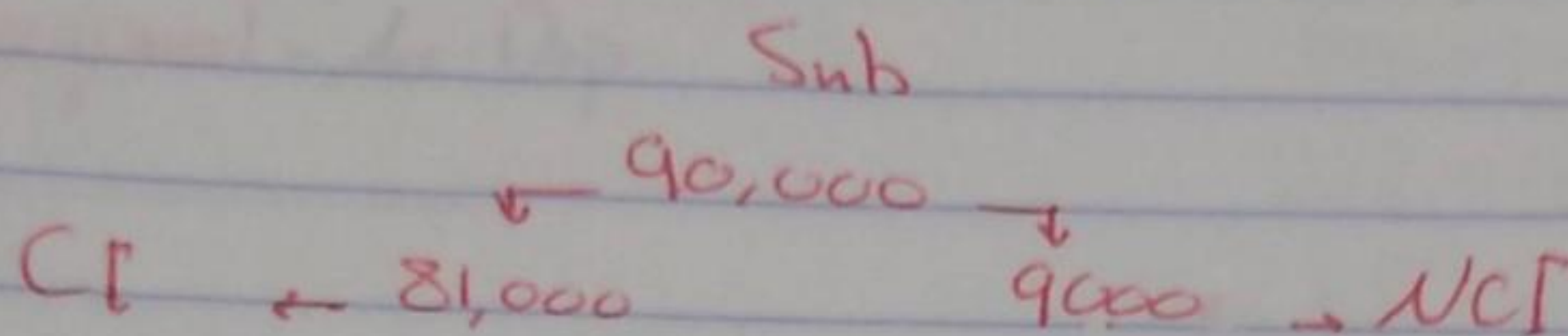
Consolidation Balance sheet

Cash	250,000
Other Assets	520,000
<u>Total Assets</u>	<u>770,000</u>
Current liability	180,000
Bond Payable	50,000
Premium on B/P	17,500
Common stock	300,000
Retained Earning	200,000
<u>Total liability and Equity</u>	<u>= 747,500</u>
<u>NCI in WA of S. sub</u>	<u><i>22,500</i></u>
<u>Total</u>	<u>770,000</u>

E3-9

B Corp Acquired P/W Corp by issuing 10,000 preferred shares with par value of 6 and F.V. of 8.10

Investment = $8.1 \times 10,000 = 81,000$
 APIC = $81 - 6 \times 10,000 = 21,000$



entry → Dr Investment in sub 81,000
 Cr Preferred stock 60,000
 Cr APIC 21,000

elimination entry → Dr Common stock -S 40,000
 Dr Retained Earnings -S 50,000
 Cr Investment in sub -P 81,000
 Cr NCI in NA of sub 9,000

Consolidated Balance sheet

Cash	250,000
Other Assets	520,000
<u>Total Assets</u>	<u>= 770,000</u>
Current liability	180,000
Preferred stock (6 x 10,000)	60,000
APIC 2.10 x 10,000	21,000
Common stock	300,000
Retained Earnings	250,000
NCI in NA of sub	9,000
<u>Total Liability and Equity</u>	<u>= 770,000</u>

E3-10

a. liability
a. liability

Consolidation Balance sheet

Cash $((140,000,000 - 130,000,000) + 5,600,000 + 3000,000)$	18,600,000
Building & Equipment - Acc Dep	360,500,000

Total Asst.

379,100,000

Account payable

5,000,000

Bond payable

20,300,000

Bank note payable

140,000,000

Common stock

103,000,000

Retained Earning

105,200,000

+ Non Controlling interest

5,600,000

Total Equity and liability

379,100,000

B. of Equip. pur

$240,600,000 + 130,000,000$

$= 370,600,000$

$(10,100,000)$

360,500,000

E2-14

294,000
294,000

S acquired 70 of K on Jan 1, 2017 for
294,000 in Cash

(A) NCI $\rightarrow 420,000 \times 0.3 = 126,000$

(B) Controlling interest

C.S	400,000
ADIC	222,000
R.E	<u>358,000</u>
Total CI	980,000
+ NCI in NA	<u>126,000</u>
Total stockholders equity	<u>1,106,000</u>

E2-15

20,000

(A) $20,000 \times 0.75 = 15,000 \rightarrow$ income for Controlling I

(B) $20,000 \times 0.25 = 5,000 \rightarrow$ income for NCI

(C) Consolidated net income

net income	59,000
- Dividend income from group	(9,000)
<hr/>	
= Operating income	50,000
+ Net income from group	20,000

Consolidated net income	70,000
- NCI in net of sub	(5,000)

Controlling interest net income 65,000

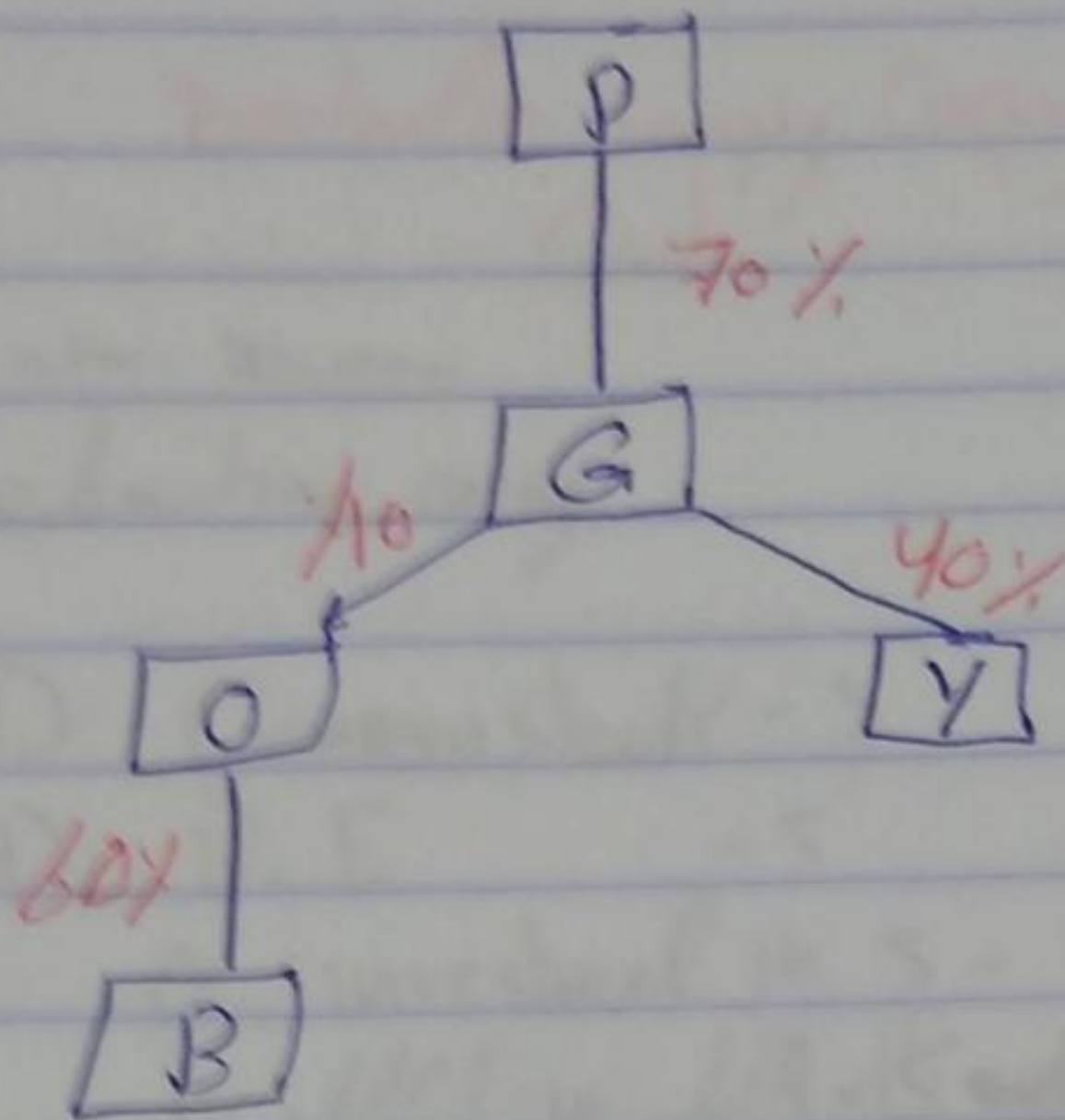
P3-30

⊠	Sales	195,000
-	Dep exp	24,000
-	COGS	105,000
-	Op exp	31,000
-	Dividend Rec	15,000
		175,000 (175,000)
+	240,000	
+	Common stock	90,000
+	B.E	130,000
<hr/>		
	Net Book Value	240,000
		+ 0.80
<hr/>		
	Purchase price	192,000

⊡ $240,000 \times 0.20 = 48,000$ For non Controlling interest

⊢ $143,000 + (195,000 - 160,000)$
 $= 178,000$

13-32



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Green net income	20,000
+ net income from Y (60,000 x 0.4)	24,000
+ income from O (30,000 x 0.1)	3,000

Green Company net income 47,000

Purple net income from an op	90,000
+ income from Green	47,000
<u>Consolidated net income</u>	137,000

100% → Purple net income	90,000
+ P share of G net income (47,000 x 0.7)	32,900
<u>Purple net income</u>	122,900

Consolidated net income	137,000
<u>NCI in G net income (47,000 x 0.3)</u>	(14,100)
Purple net income	122,900

P3-33

(A) → Investment in Snooply Company 270,000
 Cash 270,000

$\frac{270,000}{0.1} = 2,700,000 \times 0.1 = 270,000$

(B) admission entry

D Common stock - S 200,000
 D, R. E - S 100,000
 Cr investment in S - P 270,000
 Cr NCI in UA of S 30,000

(C)

Peanut Co
 Consolidated Balance sheet
 1/1/2018

Cash	78,000
Acc. Rec	80,000
Inventory	160,000
Land	325,000
Building & Equipment	890,000
Acc Dep	(400,000)
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Total Assets	1,130,000
Account payable	100,000
Bond payable	275,000
Common stock	800,000
Retained Earnings	225,000
NCI	30,000
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Total Liab & Equity	1,130,000

P3-34

percentage of ball 90%

entry Dr investm in snoopy 270,000
 Cr Cash 270,000

entry Dr investm in snoopy 67,500
 Cr income from snoopy 67,500

$20,000 \times 90\% = 18,000$
 entry Dr Cash 18,000
 Cr ~~Investm~~ invnd 18,000

investm ac		income from invnd	NCI
270,000		67,000	67,000 / 0.9
67,500	18,000		+ 75,000
319,500			- 10%
			= 7,500

elimination entry → Accumulated Dep - S 10,000
 Bel equipmt - S 10,000

Dr Common stock - S 200,000
 Dr Retained Earnings - S 100,000
 Dr income from snoopy - P 67,500
 Dr NCI in NI of S 7,500
 Cr Dividend Dec track - S 20,000
 Cr investm in sub - P 319,500
 Cr NCI in NI of sub 35,500

NCI in net bal

30,000
+ 7,500
<hr/>
- 2,000
<hr/>
= 35,500

$200,000 \times 10\%$

P3-35

2-15-11, 2-12-11

entry increased in snopy 72,000
 income from snopy 72,000

entry Cash 27,000
 invest in snopy 27,000

invested

319,500	
<u>77,000</u>	27,000
364,500	

↓
 NCI in NA
 35,500
 + 8,000
 - (3,000)
40,500

income from snopy

72,000

↓
 NCI in NA com
 = 8,000

elimination entry

D. Acc Dep - S 10,000
 Cr B & Eq - S 10,000

D. Common stock - S	200,000
D. R.E - S	155,000
D. income from snopy - P	72,000
D. NCI in NA of S	8,000
Cr Dividend Rec - S	30,000
Cr invest in S - P	364,500
Cr NCI in NA of S	40,500