

Consolidated balance sheet only

| | | | |
|---|------------------|------------------|------------------|
| Cash | \$2,000 | | |
| Accounts Receivable | | \$2,000 | |
| <i>to adjust X's cash for payment in transit from Y</i> | | | |
| Retained earnings | \$ 5,500 | | |
| Inventories | | \$ 5,500 | |
| <i>to eliminate intercompany profits in ending inventory, per below:</i> | | | |
| Intercompany sales, not resold: | | | |
| At selling price : | \$ 12,500 | \$ 15,000 | |
| Cost Basis: | | | |
| Y to X (÷ 125%) | (10,000) | | |
| X to Y (÷ 125%) | | (12,000) | |
| unrealized profit | \$ 2,500 | \$ 3,000 | |
| <hr/> | | | |
| Accts Payable | \$ 6,000 | | |
| Accts Receivable | | \$ 6,000 | |
| <i>to eliminate intercompany receivables/ payables</i> | | | |
| Retained earnings | \$ 3,200 | | |
| Equipment | | \$ 1,000 | |
| Accumulated Depr | | 2,200 | |
| <i>to eliminate intercompany gain on equipment and related depreciation. Per below:</i> | | | |
| | 1/1/X2 | 20X2 | 12/31/X2 |
| COST | A/D | DEPR | A/D |
| original cost | \$ 8,000 | \$ 3,000 | \$ 1,000 |
| New basis | 9,000 | -- | 1,800 |
| adjustment | \$ 1,000 | \$ 800 | \$ 2,200 |
| <hr/> | | | |
| Bonds payable | \$ 75,000 | | |
| Investment in bonds | | | \$ 56,000 |
| Retained earnings | | | 19,000 |
| <i>to eliminate intercompany bond holdings</i> | | | |

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| | | |
|--|------------------|-------------------|
| Capital stock- Co.Y | \$ 40,000 | |
| Add'l Paid-in cap.-Y | 12,000 | |
| Retained earnings -Y | 47,360 | |
| Differential | 26,160 | |
| Investment in Y Co. | | \$ 125,520 |
| <i>To eliminate the investment account against beginning of year capital accounts (notice 100% of asset appreciations / reductions are recognized)</i> | | |
| Equipment | \$ 15,000 | |
| Patent | 5,000 | |
| Goodwill | 21,800 | |
| Accum Depr | | \$ 5,000 |
| Inventories | | 4,100 |
| Adjustment to NCI | | 6,540 |
| Differential | | 26,160 |
| <i>to distribute the total differential to the specific assets and recognized NCI adjustment</i> | | |
| Inventories | \$ 4,100 | |
| Accum depreciation | | \$ 3,000 |
| Patent | | 500 |
| Retained earnings | | 600 |
| <i>to amortize various asset adjustments for the year. (Notice 100% of adjustment is amortized)</i> | | |