

**Purchase Accounting - 80% owned, subsequent to acquisition**

<i>Bal Sheet and Inc Stmt</i> <b>Income statement: Prepared 4/11/2011</b>	X Company	Y Company	Adjustments and Eliminations			Non- controlling interest	Consolidated Balances
			Debit		Credit		
Sales	850,000	450,000	z	49,000			1,251,000
Cost of Sales	665,000	289,000	c	5,500	z i	49,000 4,100	906,400
Gross margin	185,000	161,000					344,600
Depr & interest expense	30,500	17,600	i i	500 2,000	d	800	49,800
Other oper. expenses	121,000	130,500					251,500
Income from operations	33,500	12,900					43,300
Gain on sale of equip	4,000		d	4,000			0
Equity in Sub income	10,320		h	10,320			0
Gain on bonds					e	19,000	19,000
Minority income						2,080	(2,080)
<b>Net Income</b>	<b>47,820</b>	<b>12,900</b>		<b>71,320</b>		<b>72,900</b>	<b>60,220</b>
<b>Ret. earnings stmt.</b>							
1/1/2002 Ret. earnings:							
X Company	60,500						60,500
Y Company		52,300	f	41,840		10,460	
Add: net income (from above)	47,820	12,900		71,320		72,900	60,220
Deduct: Dividends	108,320	65,200		113,160		72,900	120,720
	(25,000)	(6,000)			h	4,800	(25,000)
12/31/2002 balance	83,320	59,200		113,160		77,700	95,720
<b>Bal. Sheet 12/31/2002</b>							
Cash	48,600	7,500	a	2,000			58,100
Accounts receivable	42,400	6,500			a b	2,000 6,000	40,900
Inventories	56,000	10,900	i	4,100	c	5,500	61,400
Equipment	242,000	69,000	g	15,000	d	4,100	325,000
Less: Accum.Depr	(36,400)	(19,500)			d g	1,000 2,200	(65,100)
Invest in stock of Y Co.	125,520				i f	5,000 2,000	0
Invest. in bonds of X Co		56,000			h e	120,000 5,520	0
Patents		18,000	g	5,000	i	56,000	0
differential			f	26,160	g	500	22,500
GOODWILL			g	21,800		26,160	0
<b>Total assets</b>	<b>478,120</b>	<b>148,400</b>					<b>464,600</b>
Accounts payable	9,800	24,200	b	6,000			28,000
Bonds payable	150,000		e	75,000			75,000
Capital stock	148,000	50,000	f	40,000		10,000	148,000
Additional paid-in capital	87,000	15,000	f	12,000		3,000	87,000
Ret earnings ,from above	83,320	59,200		113,160		77,700	95,720
Adjustment of NCI to FV					g	6,540	6,540
Non-controlling interest						30,880	30,880
<b>Total liabilities and equities</b>	<b>478,120</b>	<b>148,400</b>		<b>320,220</b>		<b>320,220</b>	<b>464,600</b>