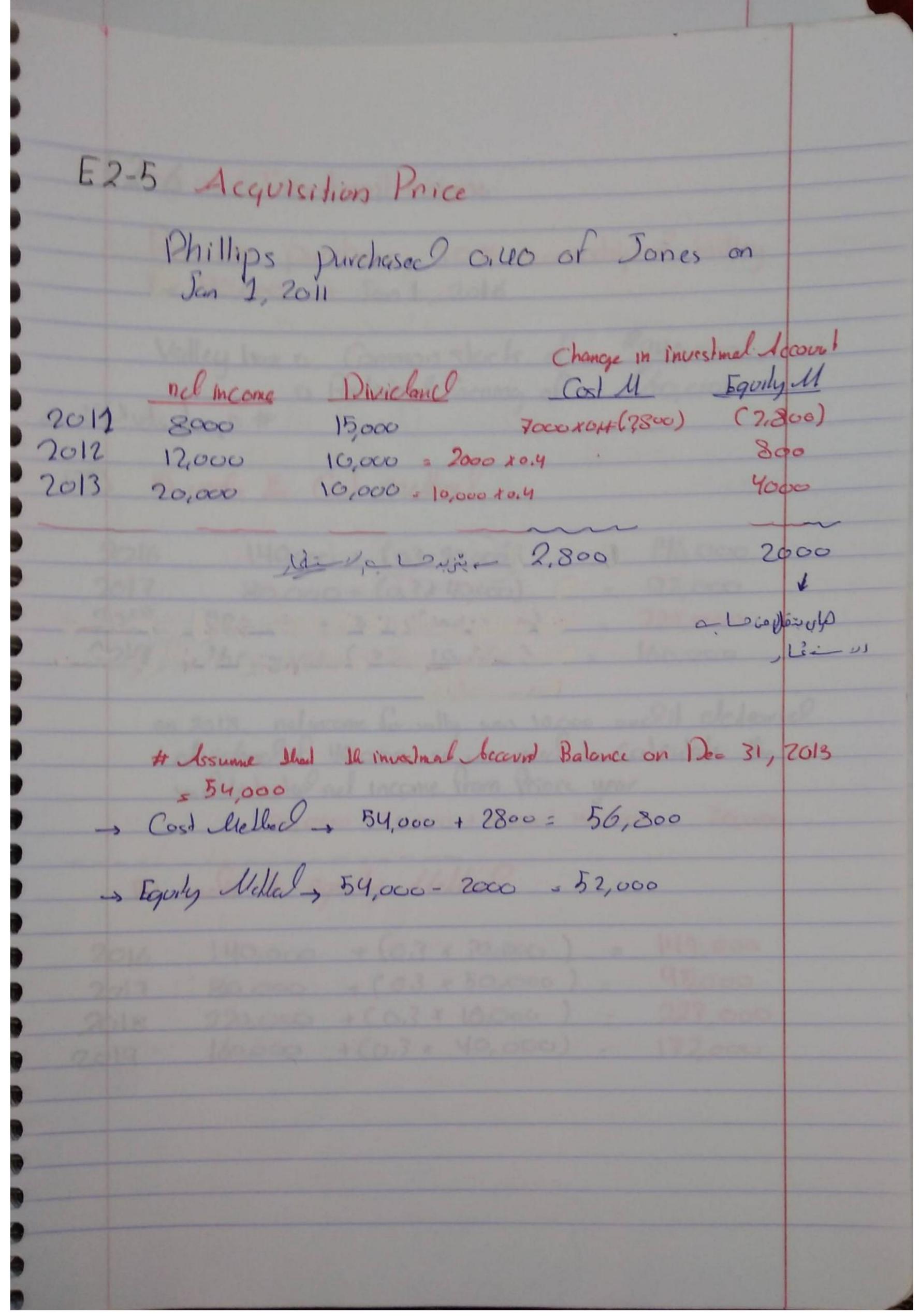
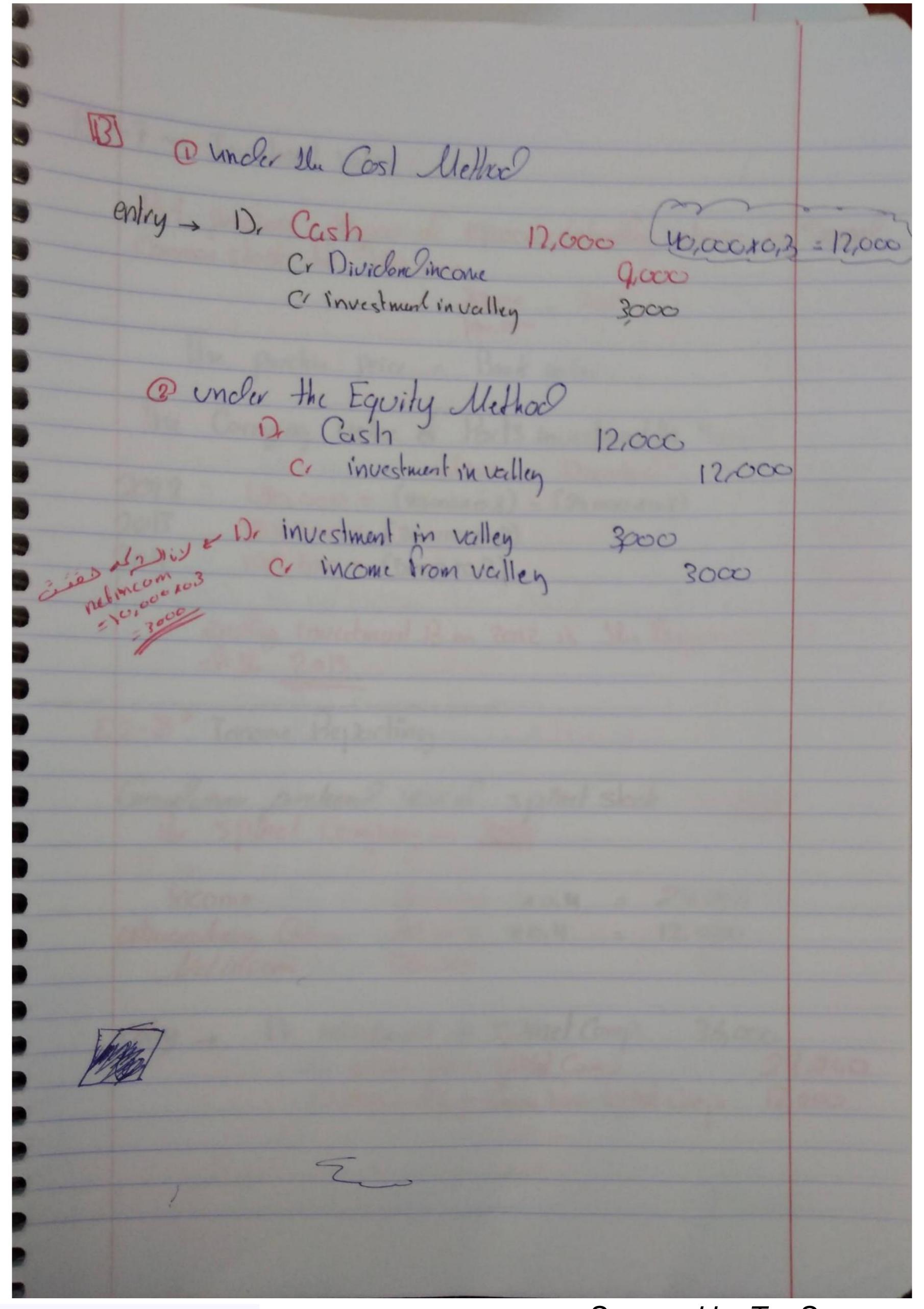
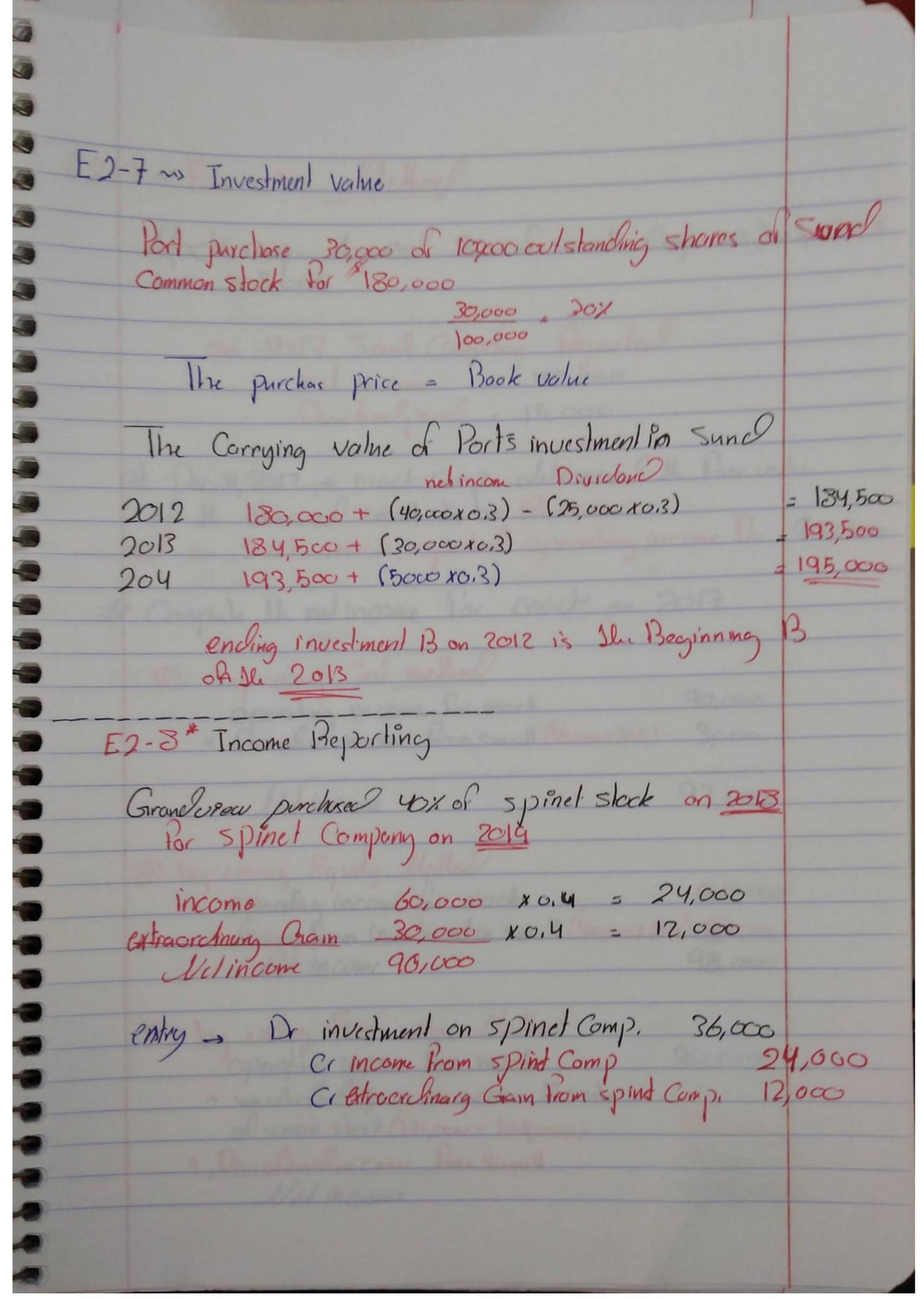
Exercises of chapter 2 - Business Combination Consolidation Pinancial shlewed E2-4 - Cost vs Equity Reporting "w" purchase 40% stock of "F" on Jan 1 2012 n Compute de relincom veing A Cost W'B Equity De A Using the Cost Method 100,000 + (40% x 30,000) = 112000 2013 60,000 + (40% x 60,000) = 84,000 250,000 + (40 x (25,000+20,000)) = 28,000 L. For 2014 - Dividend paid from undistributed earning
of prior year (7000 +40,000) - (60,000+30,000)
= 20,000 B excing the Equity Method 128,000 100,000 4 (40% ABOOO) = 2012 60,000 + (40% x 40,000)= 16,000 2013 250,000+ (40% x 25,000)= 260,000 2014

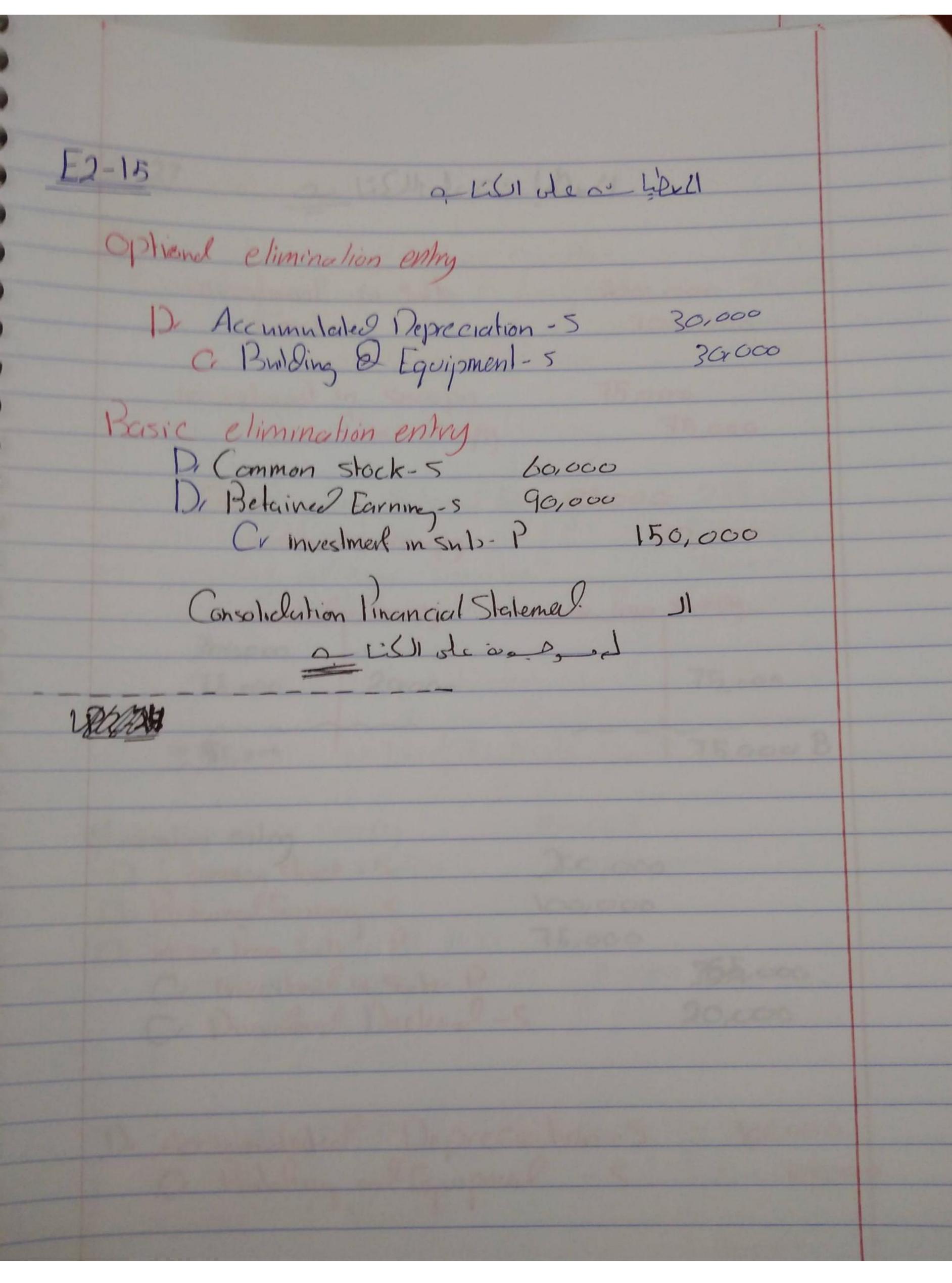


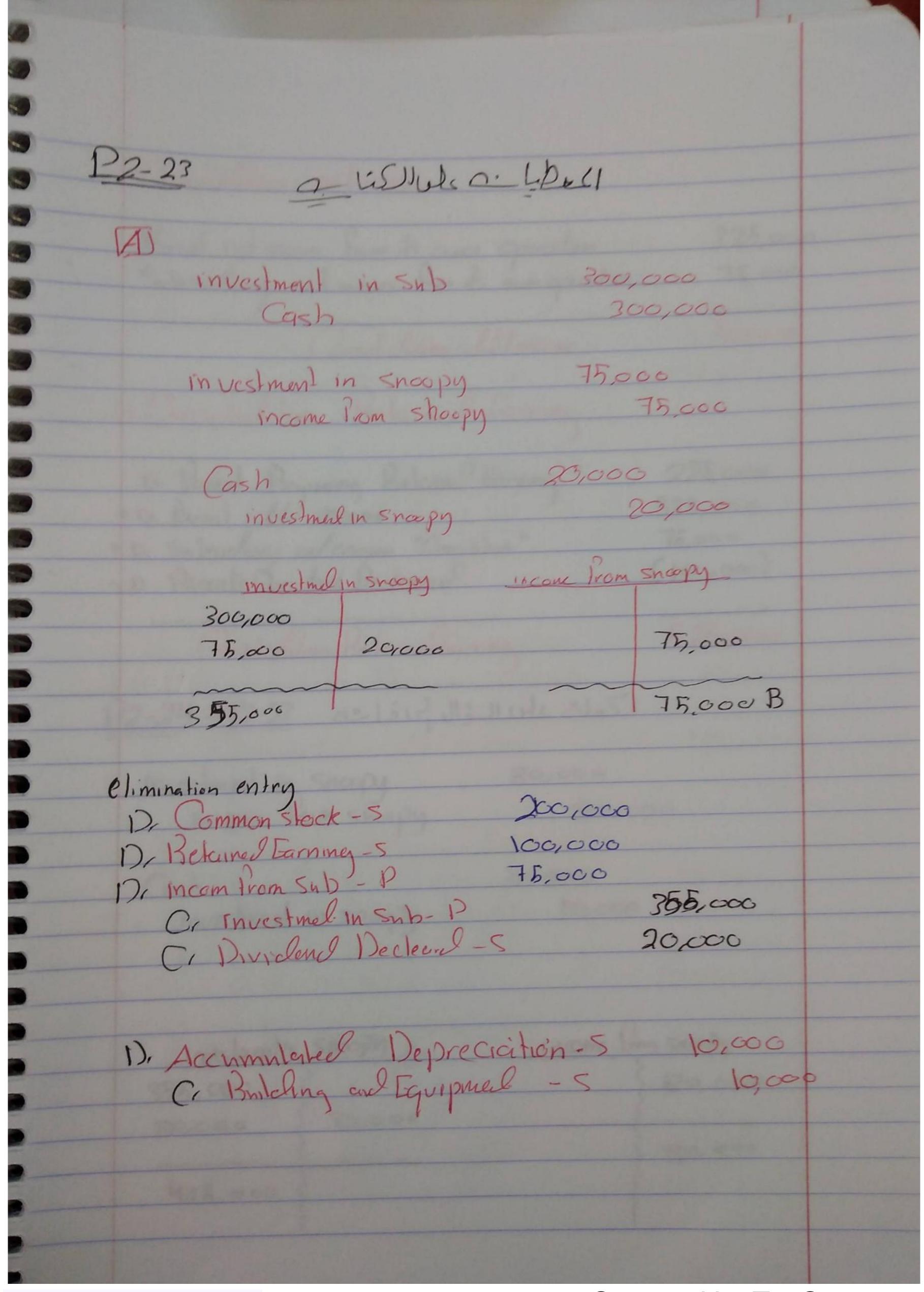
E2-6 - Investment income
Parine purchase 30% aunership of Valley For 90,000 on Jan 1, 2016
For 90,000 on Jan 1 2016
Valley hours Common stock of \$240,000
Valley how is Common stock of \$240,000 a librate days ## To Retained Earning of \$60,000
(a) I under the Cost method
2016 140,000 + (03x20,000) = 146,000
$2017 80,000 + (0.3 \times 40,000) = 92,000$
2018 220,000 + 30×x (10,000+29000) = 229,000
2019 160,000+ (0.3 x 26,000) = 166,000
on 2018, netincome for vally was 10,000 and it deleaved
on 2018, net income for vally was 10,000 and it clothered dividend of 40,000, so we need to calculate the
undistributed net income from Priore year
30,000 - 20,000 + 50,000 - 40,000 - 20,000
12) under Ih egyity Melhod
2016 140,000 + (0,3 x 30,000) = 149,000
1 07
1 100
2019 160,000 + (0,5 x 40,000) = 172,000





£2-9 - Fair value Method Mock comp. Acquired 20% of small comp. on Jun1, 2017 on 2017 Small Company Reported net income = 40,000 Dividondporced = 15,000 at Dec. 31, 2017 > mock Comp determined the Pair value and on 2017 mack reported operating income to 90,000 # Compute 1h net income for mock on 2017 13 by using Cost method + Dividend income from small (18,000x20x) 3,000 90,000 93,000 . Vet income D by using Equity Mellow Operating income for mock 90,000 + income from investment in small (40,000220x) Bacos 98,000 Not income 13) by using tonir veibre Melhow operating income Roo mock 90,000 of small stock (121,000 - 105,000) 16,000 + Dividandincome Fransmall 3000 09,000 Net income





Consolidation nel ma	me	
Parent net man from i	its own operation	325,000
Parent net incom from i Subsidiary net income	From its own operation	75,000
Consolio	lation del incone	400,000
		MOR DOD
o Consolidation Bet	ained Earning	
		025
+ D Parent Beginning P + D Parent Not income	retaine barning	325,000
+ D sarens Not income	"Com 1 h "	75,000
- D Parent's Dvictord Deci	lemre 2	(100,000)
- Tarants INVIOUND DECI		
Consolidation Reta	inc Earning	525,000
Art 121 January Breeze B		
P2-24 - P2-23 0" L	تعلم على الوال إلى و	ت
The second of the second	Ablanca de la constitución de la	334
income from snoopy	80,000	
income from snow	974	000
Cash	30,000	THE REAL PROPERTY.
investment in snoo		00
1710 CS TITLOT		THE SECOND
		- Branch - Branch
		0
invostmentin snoopy 355,000	income	From Snoopy
355,000		80,000
80,000 30,0	00	}
405,000		80,000
IA of the second		}

De Common stock - 5 200,000 De Retained Earning - 5 155,000 Di income From Sub - P 80,000 Consideration Decleand - 5 405,000 Decleand Depreciation - 5 10,000 Consolidation let income Barcol let income from it own operation 300,000 To Vit income from Paropy own operation 80,000 Consolidation Let income 380,000 Consolidation Let income 380,000 Consolidation Retained Earning Bry Bolone of R.EP 525,000-75,000 - 450,000 * Forent Milmoome from own operation 300,000 * Forent Milmoome from own operation 300,000 * Sub Consolidation returnous 155,000	climination entry	
De Lecumulated Depreciation-5 Consolidation let income Bareal let income from it own operation Consolidation Det income Consolidation Det income Consolidation Det income By Bolan of P.E-P 525,000-T5,000 = 450,000 Parent Mincome from our operation Consolidation December of 55,000 Parent Mincome from our operation Soc,000 155,000 Divider Dec by Revent (22,500c)	D. Common Stock - 5 200 D. Retained Earning - 5 155, D. income From Sub - P 80, C. Dividand Decleard - 5	30,000
Parcol let income from it own operation 300,000 13 Vitincom from Pexopy own operation 80,000 Consolication Vet income 380,000 Discolication Retained Earning Bry Rolane of R.E-P 525,000-T5.000: 450,000 * Parent Vitincome From own operation 300,000 * Sul) Comuliture relanceme 155,000 Dividend Dec by Parent (22,5,000)		
Brook let income from it own operation 300,000 Consolication Del income 380,000 Consolication Relatived Farming Bry Bolanc of R.E-P 525,000-15.000 450,000 * Parent Milincome from own operation 300,000 * Sul) Committee relation Dividend Dec by Parent (22,5,000)		10,000
Consolidation Det income 380,000 Discolidation Retained Earning Bry Bolane of R.E-P 525,000-T5,000 = 450,000 + Parent Net income from our operation 300,000 + Sul) Compliture retained (22,5,000)	D Consolidation let income	
Bry Bolone of R.E-P 525,000 = 450,000 + Parent Vitincome Iron our operation + Sul) Committee relincome Dividend Dec by Earent (22,5,000)	Breat let income From it own operation 1 5) Wet incom from Pascopy own operation	300,000
- Dividend Dec 1ry Parent (22,5,000)	Consolidation Net income	380,000
- Dividend Dec 1ry Parent (22,5,000)	o Consoliclation Retained Earning	
- Dividend Dec 1ry Parent (22,5,000)	Bry Bolanc of R.E-P 525,000- T5.00	0 = 450,000
- Dividend Dec 1ry Rarent (22,5,00c)	+ Parent Vetincome trom oun operation	300,000
Consolidation R.E 680,000	- Dividard Dec by Eterent	
	Consolidation R.E	680,000