

### III. CONSOLIDATED FINANCIAL STATEMENTS

#### Purchase of 100% Interest

The intercompany activities between The Computer Warehouse and All Star Computing had gone so well that on April 1, 2006, Linda Smith decided to buy a 100% interest in All Star Computing for an additional \$697,000. The Computer Warehouse had also loaned All Star Computing \$100,000. Complete the Working Papers below.

The Computer Warehouse  
Consolidated Balance Sheet Working Papers  
April 1, 2006  
(\$ 000)

	Computer Warehouse Corporation	All Star Computing	Adjustments		Consolidated Balance Sheet
			Debits	Credits	
Cash	40	35			
Accounts Receivable (Net)	50	265			
Inventories	50	80			
Notes Receivable	100				
Other Assets	200	20			
Investment, All Star Computing	900				
Plant and Equipment	<u>300</u>	<u>800</u>			
Total Assets	<u>1,640</u>	<u>1,200</u>			<u>1,840</u>
Accounts Payable	75	200			
Other Liabilities	25				
Bonds Payable	650				
Notes Payable		100			
Invested Capital, Warehouse	600				
Invested Capital, All Star Computing		700			
Retained Earnings, Warehouse	290				
Retained Earnings, All Star Computing	<u>      </u>	<u>200</u>	<u>      </u>	<u>      </u>	<u>      </u>
Total Liabilities and Owner's Equity	<u>1,640</u>	<u>1,200</u>	<u>1,000</u>	<u>1,000</u>	<u>1,840</u>

#### Pooling Interest Method

Suppose The Computer Warehouse had exchanged 60,000 shares of \$10 Par Common Stock selling at \$15 per share for 100% ownership of All Star Computing. Make the required Journal Entry.