**Problem 3-2 Consolidated Balance Sheet Work Paper**

On January 1, 2012, Perry Company purchased 8,000 shares of Soho Company's common stock for $120,000. See below for statement of financial position for both Perry and Soho shortly after acquisition:

Assets: Perry Soho Liabilities Perry Soho

Cash 39,000 19,000 Current Liabilities 18,500 26,000

Accounts Receivable 53,000 31,000 Mortgage Notes Payable 40,000

Inventory 42,000 25,000 Common Stock ($10 par) 120,000 100,000

Investment in Soho 120,000 Premium Common Stock 135,000 16,500

Plant Assets 160,000 110,500 Retained Earnings 48,500 23,500

Accumulated Depr. (52,000) (19,500)

Total 362,000 166,000 Total 362,000 166,000

**Problems:**

1. Calculate the percentage of Soho acquired by Perry Company.
2. Prepare a schedule to compute the difference between the **book value of equity and the value implied by the purchase price** (CAD schedule).
3. Prepare a consolidated balance sheet work paper as of January 1, 2012.
4. Suppose instead that Perry acquired 8,000 shares for $20 per share including a $5 per share control premium. Prepare a computation and allocation of difference schedule.