1. Caldwell Inc. acquired 65% of Club Corp. for $2,600,000. Club owned a building and equipment with ten-year useful lives. The book value of these assets was $830,000, and the fair value was $950,000. For Club's other assets and liabilities, book value was equal to fair value. The total fair value of Club's net assets was $3,500,000.  
  
Determine the amount of the non-controlling interest as of the date of the acquisition.

 Using the acquisition method, determine the amount of goodwill associated with Caldwell's purchase of Club.

2. McGraw Corp. owned all of the voting common stock of both Ritter Co. and Lawler Co. During 2011, Ritter sold inventory to Lawler. The goods had cost Ritter $65,000, and they were sold to Lawler for $100,000. At the end of 2011, Lawler still held 30% of the inventory.  
  
*Required:*  
  
How should the sale between Lawler and Ritter be accounted for in a consolidation worksheet? Show worksheet entries to support your answer.

3. Tosco Co. paid $540,000 for 80% of the stock of Martz Co. when the book value of Martz's net assets was $600,000. For all of Martz's assets and liabilities, book value and fair value were approximately equal.  
  
*Required:*  
  
Using the acquisition method, what amount of goodwill should appear in a consolidated balance sheet prepared immediately after the combination?

4. Several years ago Polar Inc. acquired an 80% interest in Icecap Co. The book values of Icecap's asset and liability accounts at that time were considered to be equal to their fair values. Polar's acquisition value corresponded to the underlying book value of Icecap so that no allocations or goodwill resulted from the transaction.  
The following selected account balances were from the individual financial records of these two companies as of December 31, 2011:  
  
    
  
Assume that Polar sold inventory to Icecap at a markup equal to 25% of cost. Intra-entity transfers were $130,000 in 2010 and $165,000 in 2011. Of this inventory, $39,000 of the 2010 transfers were retained and then sold by Icecap in 2011, while $55,000 of the 2011 transfers were held until 2012.  
  
*Required:*  
  
For the consolidated financial statements for 2011, determine the balances that would appear for the following accounts: (1) Cost of Goods Sold, (2) Inventory, and (3) Non-controlling Interest in Subsidiary's Net Income