Power Corporation acquired 75 percent of Best Company’s ownership on January 1, 20X8, for $96,000. At that date, the fair value of Best’s buildings and equipment was $20,000 more than book value. Buildings and equipment are depreciated on a 10-year basis. Although goodwill is not amortized, the management of Power concluded at December 31, 20X8, that goodwill involved in its purchase of Best shares had been impaired and the correct carrying value was $2,500. No additional impairment occurred

in 20X9. Trial balance data for Power and Best on December 31, 20X9, are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Power Corporation | |  | Best Company | |
| Item | Debit | Credit |  | Debit | Credit |
| Cash | 68,500 |  |  | 32,000 |  |
| Accounts Receivable | 85,000 |  |  | 14,000 |  |
| Inventory | 97,000 |  |  | 24,000 |  |
| Land | 50,000 |  |  | 25,000 |  |
| Buildings and Equipment | 350,000 |  |  | 150,000 |  |
| Investment in Best Co. Stock | 111,000 |  |  |  |  |
| Cost of Goods Sold | 145,000 |  |  | 114,000 |  |
| Wage Expense | 35,000 |  |  | 20,000 |  |
| Depreciation Expense | 25,000 |  |  | 10,000 |  |
| Interest Expense | 12,000 |  |  | 4,000 |  |
| Other Expenses | 23,000 |  |  | 16,000 |  |
| Dividends Declared | 30,000 |  |  | 20,000 |  |
| Accumulated Depreciation |  | 170,000 |  |  | 50,000 |
| Acounts Payable |  | 51,000 |  |  | 15,000 |
| Wages Payable |  | 14,000 |  |  | 6,000 |
| Notes Payable |  | 150,000 |  |  | 50,000 |
| Common Stock |  | 200,000 |  |  | 60,000 |
| Retained Earnings |  | 131,000 |  |  | 48,000 |
| Sales |  | 290,000 |  |  | 200,000 |
| Income From Subsidiary |  | 25,500 |  |  |  |
|  |  |  |  |  |  |
|  | 1,031,500 | 1,031,500 |  | 429,000 | 429,000 |

*a.* Give all eliminating entries (1-5 below) needed to prepare a three-part consolidation workpaper as of December 31, 20X9.

1. Eliminate income from subsidiary.

1. Assign income to noncontrolling interest.

1. Eliminate beginning investment balance.

1. Assign beginning differential.

1. Amortize differential.