**E12-13**

As a long-term investment at the beginning of the fiscal year, FLORISTS International purchased 30 % of Nursery Supplies Inc.’s 8 million shares for $56 million. The fair value and book value were the same at that time. During the year, Nursery supplies earned net income of $40 million and distributed cash dividends of $1.25 per share. At the end of the year, the fair value of the shares is $52 million.

Required

1. Prepare the appropriate journal entries from the purchase through the end of the year.

**E12-14**

The Trump Companies Inc. has ownership interests in several interests in several public companies. At the beginning of 2011, the company’s ownership interest in the common stock of Milken Properties increased to the point that it became appropriate to begin using the equity method of accounting for the investments. The balance in the investment account was $31 million at the time of the change. Accountants working with company records determined that the balance would have been $48 million if the account had been adjusted for investee net income and dividends as prescribed by the equity method.

Required

1. Prepare the journal entry to record the change in principle.
2. Briefly describe other steps Trump should take to report the change
3. Suppose trump is changing *from* the equity method rather than *to* the equity method. How would my answers to requirements 1 and 2 differ?