

Question 1

	Cash	Liabs	Able	Bower	Cramer
Beginning:	\$20,000	\$(30,000)	\$(10,000)	\$ 5,000	\$15,000
Payment of liabs:	(20,000)	20,000			
	\$ -0-	\$(10,000)	\$(10,000)	\$ 5,000	\$15,000
deficit balances:	12,000			(2,000)	(10,000)
	\$12,000	\$(10,000)	\$(10,000)	\$ 3,000	\$ 5,000
Payment of liabs:	(10,000)	10,000			
	\$ 2,000	\$ -0-	\$(10,000)	\$ 3,000	\$ 5,000
	8,000	(3,000)	(5,000)		
	\$ 2,000	\$ -0-	\$(2,000)	\$ -0-	\$ -0-
Able paid:	(2,000)		2,000		
	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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Question 2

Investment in Seine	240,000
Retained Earnings, Paris.....	240,000
.8 x (\$600,000 retained earnings on 12/31/X4	
- \$300,000 retained earnings on 7/1/X1)	

Question 3

a. Determination and Distribution of Excess Schedule:

Price paid.....	\$600,000
Stockholders' equity of Seine	\$500,000
Ownership interest.....	80% 400,000
Excess of cost over book value.....	\$200,000
Adjust inventory, 8 x \$20,000.....	16,000
Excess available for fixed assets.....	\$184,000
Adjust fixed assets:	

Building, .8 x \$50,000, 10-year life..		(40,000)
Equipment, .8 x \$40,000, 5-year life..		(32,000)
Patent, 20-year life.....		\$112,000
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b. Investment Income.....	64,000	
Investment in Seine		56,000
Dividends Declared.....		8,000
Common Stock, \$5 par.....	40,000	
Paid-in Capital in Excess of Par.....	120,000	
Retained Earnings.....	480,000	
Investment in Seine		640,000
Building.....	40,000	
Equipment.....	32,000	
Patent (\$112,000 - [3.5 x \$5,600]).....	92,400	
Accumulated Depreciation--Building		
(3.5 x \$4,000).....		14,000
Accumulated Depreciation--Equipment		
(3.5 x \$6,400).....		22,400
Investment in Seine.....		128,000
Depreciation Expense.....	4,000	
Accumulated Depreciation, Building....		4,000
Depreciation Expense.....	6,400	
Accumulated Depreciation, Equipment...		6,400
Patent Amortization Expense.....	5,600	
Patent.....		5,600