

B-09.09

Packed Powder Corporation bought all of the stock of Snowfall Corporation from its existing shareholders on June 30, 20X4. Packed Powder paid Snowfall's shareholders a total of \$2,000,000, which happened to be exactly equal to the recorded stockholders' equity of Snowfall. Further, the recorded values for each of the assets and liabilities of Snowfall were approximately equal to their estimated fair values. Following is a listing of the separate assets and liabilities of each company, immediately following the acquisition:

| | <u>Packed Powder</u> | <u>Snowfall</u> | <u>Consolidated</u> |
|------------------------------|--------------------------|---------------------|---------------------|
| Cash | \$ 450,000 | \$ 60,000 | |
| Accounts Receivable | 400,000 | 185,000 | |
| Inventory | 1,250,000 | 125,000 | |
| Investment in Snowfall | 2,000,000 | - | |
| Land | 850,000 | 380,000 | |
| Building and equipment (net) | <u>1,300,000</u> | <u>1,700,000</u> | <u>-</u> |
| | <u>\$ 6,250,000</u> | <u>\$ 2,450,000</u> | <u>\$ -</u> |
| | | | |
| Accounts Payable | 760,000 | 150,000 | |
| Notes Payable | 2,400,000 | 300,000 | |
| Common Stock | 500,000 | 400,000 | |
| Retained Earnings | <u>2,590,000</u> | <u>1,600,000</u> | <u>-</u> |
| | <u>\$ 6,250,000</u> | <u>\$ 2,450,000</u> | <u>\$ -</u> |

Complete the "Consolidated" column to show how these accounts would appear in the consolidated balance sheet for Packed Powder and its subsidiary.