

Princeton Corporation purchased all of the stock of Stanford Corporation on July 1. Princeton paid \$3,000,000 for this investment. Stanford's buildings had a fair value of \$1,550,000. All other assets and liabilities of Stanford had fair values that were equivalent to their recorded amounts. Any excess purchase differential is attributable to goodwill. The separate balance sheets of Princeton and Stanford follow. Prepare the consolidated balance sheet that would be reported to Princeton's shareholders.

PRINCETON CORPORATION			
Balance Sheet			
July 1, 20X5			
Assets			
Current assets			
Cash	\$	565,000	
Accounts receivable		233,789	
Inventories		<u>255,909</u>	\$ 1,054,698
Long-term Investments			
Investment in Stanford			3,000,000
Property, plant & equipment			
Land	\$	378,790	
Building (net of accumulated depreciation)		861,919	
Equipment (net of accumulated depreciation)		<u>476,136</u>	1,716,845
Intangible assets			
Patent			<u>540,000</u>
Total assets			<u>\$ 6,311,543</u>
Liabilities			
Current liabilities			
Accounts payable	\$	237,775	
Salaries payable		<u>125,400</u>	\$ 363,175
Long-term liabilities			
Loan payable			<u>2,500,000</u>
Total liabilities			\$ 2,863,175
Stockholders' equity			
Capital stock	\$	2,300,000	
Retained earnings		<u>1,148,368</u>	
Total stockholders' equity			<u>3,448,368</u>
Total Liabilities and equity			<u>\$ 6,311,543</u>

STANFORD CORPORATION			
Balance Sheet			
July 1, 20X5			
Assets			
Current assets			
Cash	\$	34,545	
Accounts receivable		180,800	
Inventories		<u>343,687</u>	\$ 559,032
Property, plant & equipment			
Land	\$	137,776	
Building (net of accumulated depreciation)		688,099	
Equipment (net of accumulated depreciation)		<u>657,887</u>	<u>1,483,762</u>
Total assets			<u>\$ 2,042,794</u>
Liabilities			
Current liabilities			
Accounts payable	\$	118,998	
Salaries payable		<u>23,441</u>	\$ 142,439
Long-term liabilities			
Loan payable			<u>632,179</u>
Total liabilities			\$ 774,618
Stockholders' equity			
Capital stock	\$	800,000	
Retained earnings		<u>468,176</u>	
Total stockholders' equity			<u>1,268,176</u>
Total Liabilities and equity			<u>\$ 2,042,794</u>