Problem 1

Parent has acquired 100% of the shares of Sub for $1500.

Here is the balance sheet of Sub :

	Book value	Fair value
Cash	700	700
Inventory	300	400
Fixed assets (net)	2000	2300
	3000	
LT debt	2000	2000
Capital stock	500	
Contributed surplus	100	
Retained earnings	400	
	3000	

Required

Calculate the purchase discrepancy, including goodwill

Problem 2

Parent has acquired **60%** of the shares of Sub for **$920**.

Here is the balance sheet of Sub :

	Book value	Fair value
Cash	700	700
Inventory	300	400
Fixed assets (net)	2000	2300
	3000	
LT debt	2000	2000
Capital stock	500	
Contributed surplus	100	
Retained earnings	400	
	3000	

Required
Calculate the purchase discrepancy, including goodwill
And the noncontrolling interest.