

Company Accounts	Compan y		Compan y	
	Parent Debit	Credit	Subsidiary Debit	Credit
Cash	£10,000		£4,000	
Accounts Receivable	25,000		10,000	
Inventory	30,000		12,000	
Short-Term Investments	40,000		6,000	
Prepaid Assets	35,000		12,000	
Investment in Subsidiary	290,000			
Long-Term Notes Receivable	150,000		14,000	
Debt Service Fund	50,000			
Depreciable Assets	900,000		350,000	
Accumulated Depreciation		£200,00 0		£50,000
Intangible Assets	45,000		20,000	
Current Liabilities		92,000		44,000
Long-Term Notes Payable		225,000		119,000
Common Stock		400,000		200,000
Retained Earnings		482,000		50,000
Sales Revenue		750,000		245,000
Cost of Goods Sold	330,000		160,000	
Selling Expenses	100,000		45,000	
Administrative Expenses	120,000		70,000	
Interest Expenses	24,000		5,000	

Other Important Information:

1. Subsidiary Company's assets and liabilities are all shown at fair value except for:
 - a. The fair value of Inventory is 32,000.
 - b. The fair value of Depreciable Assets is 370,000.
2. Subsidiary company sold Parent Company an item that is in Parent Company's inventory for 10,000 and cost Subsidiary Company 5,000. The sale was made to Parent Company on credit, and no payment has been made.
3. On December 27, 2012, Parent Company made a long-term loan to Subsidiary Company in the amount of 100,000.
4. Subsidiary Company paid Parent Company 7,000 for Consulting Services. Subsidiary Company considers this an Administrative Expense, and Parent Company considers it Sales Revenue.
5. Exchange rates are:

March 31, 2012, Exchange Rate: 1 £ = \$1.24

Average Rate for 2012: 1 £ = \$1.22

December 31, 2012, Exchange Rate: 1 £ = \$1.20