

Gain on Sale of Land	\$500,000	
Building (Net)		\$300,000
Land		200,000

Step B - Intercompany Dividends Two entries are required here. The first will eliminate the intercompany Dividends Declared against the Other Revenues and Non-Controlling Interest, while the second will be required to eliminate the unpaid balance from the consolidated assets and liabilities. The entries are as follows:

Other Revenues	\$90,000	
Non-Controlling Interest (Balance Sheet)	10,000	
Dividends Declared		\$100,000
Dividends Payable	\$90,000	
Current Receivables		\$ 90,000

Step C - Distribution Of Retained Earnings The analysis of the opening balance of the Shade Company's Retained Earnings is as follows:

Retained Earnings - Opening Balance	\$5,500,000
Balance At Acquisition	(4,000,000)
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Balance Since Acquisition	\$1,500,000
Unrealized Upstream Opening (Profits) Losses:	
Inventories	(180,000)
Sale of Equipment	24,000
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Realized Profits Since Acquisition	\$1,344,000
Non-Controlling Interest [(10%)(1,344,000)]	(134,400)
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Available To The Controlling Interest	\$1,209,600
Fair Value Depreciation On Equipment	360,000
Fair Value Realization On Accounts Receivable	45,000
Fair Value Amortization On Long-Term Liabilities	(144,000)
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To Consolidated Retained Earnings	\$1,470,600
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Solution Six-1 correction
Step C total "To Consolidated Retained Earnings" of \$1,490,600 should be \$1,470,600.

Based on the preceding analysis, the journal entry required to distribute the opening Retained Earnings balance of the Shade Company is as follows:

Retained Earnings - Shade	\$1,605,000	
Consolidated Retained Earnings		\$1,470,600
Non-Controlling Interest		134,400

Part A - Consolidated Income Statement The consolidated Income Statement for the Pastel Company and its subsidiary, the Shade Company, is as follows: