

Ex. 15–9

a.	Investment in Costello Corporation Stock	320,000	
	Income of Costello Corporation.....		320,000
	Record 25% share of Costello Corp. net income, \$1,280,000 × (50,000 shares/ 200,000 shares).		
b.	Cash.....	70,000*	
	Investment in Costello Corp. Stock.....		70,000
	*50,000 shares × \$1.40		

Ex. 15–10

a.

2010

Jan. 15	Investment in Krypton Labs Inc. Stock	4,400,000*	
	Cash.....		4,400,000
	*80,000 shares × \$55 per share		
July 2	Cash	69,440*	
	Investment in Krypton Labs Inc. Stock.....		69,440
	*\$217,000 × (80,000 shares/250,000 shares)		
Dec. 31	Investment in Krypton Labs Inc. Stock	235,200	
	Income of Krypton Labs Inc.....		235,200
	Record 32% share of Krypton Labs Inc. net income, \$735,000 × (80,000 shares/ 250,000 shares).		
b.	Initial acquisition cost.....	\$4,400,000	
	Equity earnings for 2010	235,200	
	Cash dividends received.....	<u>(69,440)</u>	
	Investment in Krypton Labs Inc. Stock balance, December 31, 2010	<u>\$4,565,760</u>	