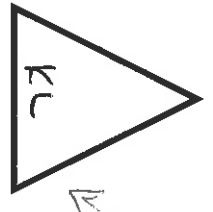


K 1/3 L 1/3 J 1/3

Exam Number 1685

Question 1

Exhibit B



classy stocks

$$\begin{array}{r}
 300,000 \text{ debt} \\
 - 120,000 \text{ basis} \\
 \hline
 180,000 \\
 \hline
 120,000
 \end{array}$$

(contributed) \*

	Assets		Liabilities	
	Basis	Value	Basis	Value
Cash	2,000,000	200,000	Debt	300,000
market invest	400,000	600,000		
classy stock	1,000,000	600,000		
public stock	120,000	1,000,000		
			Equity	
			K	700,000
			L	700,000
			J	700,000
Total Assets	1,720,000	2,400,000	Total Liabilities	1,420,000
				2,400,000

bal sheet when Joan joins