

## Chapter 6 Long-term Investment in Stock

	Description	Debit	Credit
1.	Available-for-sales-Common Stock	221,500	
	Cash		221,500
2.	Available-for-sales-Common Stock	221,500	
	Cash		111,500
	A/P		110,000
3.	General Investment-Preferred Stock	180,000	
	Land		140,000
	Gain on Exchange		40,000
4.	Available-for-sales-Common Stock	300,000	
	Acc. Depre.-Machine	150,000	
	Loss on Exchange	50,000	
	Machine		500,000
5.	General Investment-Preferred Stock	114,000	
	Dividend Revenue	6,000	
	Cash		120,000
6.	Cash	6,000	
	Dividend Revenue		6,000
7.	General Investment-Common Stock	16,000	
	General Investment-Preferred Stock	24,000	
	Cash		40,000
8.	General Investment-Common Stock	20,000	
	General Investment-Preferred Stock	20,000	
	Cash		40,000
9.	General Investment-Common Stock and Preferred Stock	40,000	
	Cash		40,000
10.	Accrued Dividend	5,400	
	Dividend Revenue		5,400

	Description	Debit	Credit
11.	Available-for-sales-Bond	40,000	
	Dividend Revenue		40,000
12.	No Record		

Memo

		<u>Number</u>	<u>Value</u>	@
<u>New</u>	Purchase #1	120	2,400	20
	Purchase #2	<u>240</u>	<u>6,000</u>	25
		<b>360</b>	<b>8,400</b>	

	Description	Debit	Credit
13.	Cash	5,400	
	Available-for-sales-Common Stock		4,199.40
	Gain from Sales		1,200.60
14.	Available-for-sales-Preferred Stock	12,092	
	Available-for-sales-Common Stock		12,092

Calculation

		<u>Number</u>	<u>Value</u>	@
<u>New</u>	Common Stock	2,000	131,908	65.95
	Preferred Stock	200	<u>12,092</u>	60.46
			<b>144,000</b>	

	Description	Debit	Credit
15.	No Record		

Memo

		<u>Number</u>	<u>Value</u>	@
<u>New</u>	Purchase #1	20,000	440,000	22
	Purchase #2	<u>60,000</u>	<u>1,200,000</u>	20
		<b>80,000</b>	<b>1,640,000</b>	

	Description	Debit	Credit
16.	Available-for-sales-Common Stock	200,000	
	Available-for-sales-Preferred Stock		120,000
	Gain from Conversion		80,000
17.	Cash	144,000	
	Available-for-sales-Preferred Stock		120,000
	Gain from Redemption		24,000
18.	<u>XS Date</u>		
	Available-for-sales-Common Stock	25,000	
	Accrued Stock Right Expense		25,000
	<u>Exercise</u>		
	Accrued Stock Right Expense	25,000	
	Cash		25,000
	<u>Not Exercise</u>		
	Accrued Stock Right Expense	25,000	
	Loss from not exercise	41,000	
	Available-for-sales-Common Stock		66,000

### Calculation

		<u>Number</u>		<u>Amount</u>
<u>Old</u>	Common Stock	2,000	@ 86.50	173,000
	Stock Right	<u>1,000</u>	@ 25	<u>25,000</u>
	Total	<b>3,000</b>		<b>198,000</b>

Thus, New @ =  $198,000 / 3,000 = 66$

		<u>Number</u>		<u>Amount</u>
<u>New</u>	Common Stock	2,000	@ 66	132,000
	Stock Right	<u>1,000</u>	@ 66	<u>66,000</u>
	Total	<b>3,000</b>		<b>198,000</b>

	Description	Debit	Credit
19.	<u>XS Date</u> Warrant	15,000	
	Available-for-sales-Common Stock		15,000
	<u>Sales</u> Cash	13,000	
	Warrant		12,000
	Gain on Sales		1,000
	<u>Exercise</u> Available-for-sales-Common Stock	3,300	
	Cash		1,500
	Warrant		1,800
	<u>Not Exercise</u> Loss from not exercise	600	
	Warrant		600
	<u>Decreased in Value of Common Stock</u> Available-for-sales-Common Stock	600	
	Warrant		600
20.	Cash	750,000	
	Dividend Revenue		600,000
	General Investment-Common Stock		150,000
21.	Available-for-sales-Common Stock	150,000	
(5)	Cash		150,000
(31)	Unrealized Loss	90,000	
	Available-for-sales-Common Stock		90,000
(1)	Loss on Impairment	135,000	
	Allowance for Impairment		45,000
	Unrealized Loss		90,000