

E10-1 040317

- a.  $\$5,000 / (1 + 0.09)^5 = \$3,249.70$
- b.  $\$5,000 / (1 + 0.07)^5 = \$3,565.06$
- c.  $\$2,000 / (1 + 0.10)^5 = \$1,241.85$

E10-2

- a.  $\$1,000 / (1 + 0.07)^4 = \$762.90$
- b. Date 1/1/02 12/31/02 12/31/03 12/31/04 12/31/05  
Value \$762.90 \$816.30 \$873.44 \$934.58 \$1,000.00

E10-3

- a. Marketable Securities - trading 473.01  
Cash 473.01  
(to record the purchase of a marketable security classified as trading)
- b. Marketable Securities - trading 25.74  
Unrealized gain on marketable securities - trading 25.74  
(to record the unrealized appreciation on the marketable security - trading)

c. The security will appear at fair market value of \$498.75 in EKS' balance sheet. The unrealized gain of \$25.74 will be reflected in EKS' income statement in 2002.

E10-4

- a. Marketable Securities - available-for-sale 473.01  
Cash 473.01  
(to record the purchase of a marketable security classified as available-for-sale)
- b. Marketable Securities - available-for-sale 25.74  
Unrealized gain on marketable securities - available-for-sale 25.74  
(to record the unrealized appreciation on the marketable security - available-for-sale)

c. The security will appear at fair market value of \$498.75 in the asset sec-

tion of EKS' balance sheet. The holding gain will be reported in the "other accumulated comprehensive income" section of the balance sheet in the Stockholders' Equity section. Income is unaffected by unrealized gains on available-for-sale securities.

E10-5

- a. Marketable Securities - held-to-maturity 762.90  
Cash 762.90  
(to record the purchase of a marketable security classified as held-to-maturity)
- b. Marketable Securities - held-to-maturity 53.40  
Interest revenue 53.40

(to record interest revenue on held-to-maturity security, using the interest rate existing at the time of purchase)

c. The security will appear on the balance sheet at \$816.30, its expected value based on the rate of return in effect when it was purchased. The interest revenue will appear in the income statement.

d. Unexpected events are not acknowledged on held-to-maturity securities. No adjusting entry would be made.

E10-6

- a. Marketable Securities - trading 1,005.00  
Unrealized gain on marketable securities - trading 1,005.00  
(to record unrealized holding gain on trading securities)
- Unrealized loss on marketable securities - Available-for-sale 2,092.00  
Marketable securities - available-for-sale 2,092.00  
(to record unrealized holding loss on available-for-sale securities)

b. Both the trading securities and the available-for-sale securities would appear in the asset section of the balance sheet at fair market value. The unrealized gain on trading securities will appear in the income statement. The unrealized loss will appear in the Stockholders' Equity section of the balance sheet as part of accumulated other comprehensive income. The income statement will be unaffected by the unrealized loss.

c.	Cash	16,347.00	
	Loss on marketable securities - trading	60.00	
	Marketable securities - trading		16,407.00
(to record the sale of marketable securities - trading)			

E10-7

- a. income statement
- b. income statement
- c. balance sheet
- d. balance sheet
- e. balance sheet
- f. income statement
- g. income statement

E10-8

a.	Cash	1,560.58	
	Unrealized gain - available-for-sale securities	78.56	
	Marketable securities - available-for-sale		1,549.28
	Gain on marketable security - available-for-sale		89.86

(to record the sale of available-for-sale security)

b.	Cash	1,538.20	
	Unrealized gain - available-for-sale securities	78.56	
	Marketable securities - available-for-sale		1,549.28
	Gain on marketable security - available-for-sale		67.48

(to record the sale of available-for-sale security)

c.	Cash	1,420.00	
	Unrealized gain - available-for-sale securities	78.56	
	Loss on marketable securities - available-for-sale	50.72	
	Marketable securities - available-for-sale		1,549.28

(to record the sale of available-for-sale security)