

This question consists of 10 items. Select the best answer for each item. Use a No. 2 pencil to blacken the appropriate ovals on the *Objective Answer Sheet* to indicate your answers.

**Answer all items.** Your grade will be based on the total number of correct answers.

**Items 1-4 are based on the following:**

Camp Co. purchased various securities during 1994 to be classified as held-to-maturity securities, trading securities, or available-for-sale securities.

**Required:**

**Items 1-4** describe various securities purchased by Camp. For each item, select from the following list the appropriate category for each security and blacken the corresponding oval on the *Objective Answer Sheet*. A category may be used once, more than once, or not at all.

Categories	
<input type="radio"/> H	Held-to-maturity.
<input type="radio"/> T	Trading.
<input type="radio"/> A	Available-for-sale.

1. Debt securities bought and held for the purpose of selling in the near term.
2. U.S. Treasury bonds that Camp has both the positive intent and the ability to hold to maturity.
3. \$3 million debt security bought and held for the purpose of selling in three years to finance payment of Camp's \$2 million long-term note payable when it matures.
4. Convertible preferred stock that Camp does not intend to sell in the near term.

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**Items 5-10 are based on the following:**

The following information pertains to Dayle, Inc.'s portfolio of marketable investments for the year ended December 31, 1994:

	<u>Cost</u>	<u>Fair value, 12/31/93</u>	<u>1994 Activity</u>		<u>Fair value, 12/21/94</u>
			<u>Purchases</u>	<u>Sales</u>	
<u>Held-to-maturity securities</u>					
Security ABC			\$100,000		\$95,000
<u>Trading securities</u>					
Security DEF	\$150,000	\$160,000			155,000
<u>Available-for-sales securities</u>					
Security GHI	190,000	165,000		\$175,000	
Security JKL	170,000	175,000			160,000

Security ABC was purchased at par. All declines in fair value are considered to be temporary.

**Required:**

**Items 5-10** describe amounts to be reported in Dayle's 1994 financial statements. For each item, select from the following list the correct numerical response and blacken the corresponding oval on the *Objective Answer Sheet*. An amount may be selected once, more than once, or not at all. Ignore income tax considerations.

5. Carrying amount of security ABC at December 31, 1994.
6. Carrying amount of security DEF at December 31, 1994.
7. Carrying amount of security JKL at December 31, 1994.

**Items 8-10** require a second response. For each item, indicate whether a gain **G** or a loss **L** is to be reported and blacken the corresponding oval on the *Objective Answer Sheet*.

8. Recognized gain or loss on sale of security GHI.
9. Unrealized gain or loss to be reported in 1994 income statement.
10. Unrealized gain or loss to be reported at December 31, 1994, as a separate component of stockholders' equity.

<i>Answer List</i>	
A.	\$ - 0 -
B.	\$ 5,000
C.	\$ 10,000
D.	\$ 15,000
E.	\$ 25,000
F.	\$ 95,000
G.	\$100,000
H.	\$150,000
I.	\$155,000
J.	\$160,000
K.	\$170,000