

Mid Term Exam Intermediate Financial Accounting II Winter 2011 ADM3340

(SUGGESTED SOLUTIONS)

Name: _____

ID#: _____

Required:

- Write your name and student ID number above.
- Turn off all cell phones.
- This examination “**SUGGESTED SOLUTION**” comprises **3** questions over **15** numbered pages. Answer all questions in this booklet. Booklet is **not** to be removed from the examination room. You may not separate the pages.
- Limit your answer to the space provided. Blank sheets for rough work and supporting calculations are given at the end of each question.
- This exam will be marked out of 75 marks (for convenience) and is 2½ hours long. You should budget approximately 2 minutes per mark. The exam is worth 40% of the overall course mark.
- Please do **not** ask the invigilator or the professor any questions, as they will **not** be answered. State reasonable assumptions, if you feel they are necessary.
- Present value tables are provided on pages **14 and 15**.
- Language (non-electronic) dictionaries are allowed with the proctor’s permission.
- You **must** sign the Statement of Academic integrity on page 2 of this exam.

Question		Marks
1: part 1	Financial instruments classification	/3
1: part 2	Equity: FV-OCI	/11
1: part 3	Debt: FV-NI	/5
1: part 4	Equity method	/8
2: part 1	Premiums	/7
2: part 2	Balance sheet presentation	/7
2: part 3	Bond liabilities	/7
2: part 4	Bond liabilities	/7
2: part 5	Bond liabilities	/7
3: part 1	Terminology	/3
3: part 2	Stock dividend	/3
3: part 3	Basket issuance	/3
3: part 4	Treasury stock	/4
TOTAL		/75

Statement of Academic Integrity

The Telfer School of Management does not condone academic fraud, an act by a student that may result in a false academic evaluation of that student or of another student. Without limiting the generality of this definition, academic fraud occurs when a student commits any of the following offences: plagiarism or cheating of any kind, use of books, notes, mathematical tables, dictionaries or other study aid unless an explicit written note to the contrary appears on the exam, to have in his/her possession cameras, radios (radios with head sets), tape recorders, pagers, cell phones, or any other communication device which has not been previously authorized in writing.

Statement to be signed by the student:

I have read the text on academic integrity and I pledge not to have committed or attempted to commit academic fraud in this examination.

Signed: _____

Note: an examination copy or booklet without that signed statement will not be graded and will receive an exam grade of zero.

QUESTION 1 (27 marks)

Answer ALL parts to this question. Each part is independent.

PART 1: (3marks)

Question 1

1. Preferred shares were purchased for their constant dividend. The company is planning to hold the preferred shares for a long time.
2. A bond that will mature in four years was bought one month ago when the price dropped. As soon as the value increases, which is expected next month, it will be sold.
3. Ten percent of the outstanding shares of Farm Corp. were purchased. The company is planning on eventually getting a total of 30% of the outstanding shares.
4. Ten-year bonds were purchased this year. The bonds mature on January 1 of next year.
5. Bonds that will mature in five years are purchased. The company would like to hold them until they mature, but money has been tight recently and the bonds may need to be sold.
6. A bond that matures in 10 years was purchased with money that the company has set aside for an expansion project that is planned for 10 years from now.

Required

Each of the securities above is independent of the others and active quoted markets exist for the securities. Identify, in the table below, the best accounting model classification(s) [Amortized Cost; Cost, FV/Ni; FV/OCI], according to IFRS 9 for each of the securities described above.

	IFRS 9	ASPE (not asked in the exam)
1.	Fair value through net income (FV-NI).	Fair value through net income (FV-NI) assuming that the equity investment is quoted in an active market.
2.	Fair value through net income (FV-NI) security since the company's intent is to manage the changing fair values and sell the bonds as soon as the value increases.	same
3.	Fair value through other comprehensive income (FV-OCI) security. [When the company acquires 20% or more, and if significant influence over Farm Corp. exists, the investment will be reclassified to an equity investment.	Fair value through net income (FV-NI). (ASPE does not have an FV-OCI option.)
4.	Fair value through net income (FV-NI).	Amortized cost, unless the company chooses the fair value through net income (FV-NI) model option. (ASPE does not have an FV-OCI option.)
5.	Fair value through net income (FV-NI) security. (Under IFRS 9, FV-OCI investments normally will be limited to equity investments in other companies.)	Amortized cost, unless the company chooses the fair value through net income (FV-NI) model option. (ASPE does not have a FV-OCI option.)
6.	Cost/amortized cost model security as it appears the company's intent is to manage the stated cash flows and hold the bonds until maturity.	Amortized cost, unless the company chooses the fair value through net income (FV-NI) model option.

Question 1 (27 marks) (continued)

PART 2: (11marks)

Gypsy Corporation reported the following portfolio of investments on its balance sheet at September 31, 2011, its most recent reporting date:

	Cost	Fair Value
Fogelberg Inc common (5,000 shares)	\$225,000	\$200,000
Petra Inc. preferred (3,500 shares)	\$133,000	\$140,000
Weisberg Corp. common (1,000 shares)	\$180,000	\$179,000

A 1% commission is charged by the company’s broker on all transactions and the company’s policy is to capitalize all such costs. On October 10, 2011, the Fogelberg Inc. shares were sold at \$54 (before transaction costs) per share. In addition, 3,000 shares of Los Tigres Corp. common shares were acquired at \$59.50 (before transaction costs) per share on November 2, 2011. The December 31, 2011, fair values were as follows: Petra Inc. \$96,000; Los Tigres Corp. \$132,000; and Weisberg Corp. \$193,000. All the investments are classified as fair value through other comprehensive income (FV-OCI) with recycling.

Required

- (a) Prepare the journal entries to record the sale of the Fogelberg common shares, the purchase of the Los Tigres Corp. common shares, and adjusting entries related to the FV-OCI investment portfolio in the last quarter of 2011. (7 marks)
- (b) Show how all amounts will be reported on Gypsy Corporation’s balance sheet, income statement, statement of comprehensive income, and statement of changes in accumulated other comprehensive income for the quarter ending December 31, 2011. (4 marks)

(a)	1.	October 10, 2011		
		Investment in Fogelberg Inc. (FV-OCI)	70,000	
		Holding Gain/Loss on Fogelberg (OCI)		70,000
		(\$70,000 = 5,000 x \$54 – \$200,000)		
		Cash (\$54 x 5,000 x 99%)	267,300	
		Holding Gain/Loss on Fogelberg (OCI)	45,000*	
		Gain on sale of Investment in Fogelberg Inc. (I/S)		42,300**
		Investment in Fogelberg Inc. (FV-OCI)		270,000
		* (\$45,000 = \$270,000 - \$225,000)		
		** (\$42,300 = \$267,300 - \$225,000)		
	2.	November 2, 2011		
		Investment in Los Tigres Corp. (FV-OCI).....	180,285	
		Cash		180,285
		(3,000 shares X \$59.50 X 1.01 = \$178,500 X 1.01)		

3. At September 30, 2011, Gypsy Corporation had the following fair value adjustment:

FV-OCI Investments Portfolio—September 30, 2011

Securities	Carrying Value	Fair Value	Unrealized Gain (Loss)
Fogelberg Inc.. common	\$225,000	\$200,000	\$(25,000)
Petra, Inc., preferred	133,000	140,000	7,000
Weisberg Corp., common	180,000	179,000	(1,000)
Total of portfolio	\$538,000	\$519,000	\$(19,000)

At December 31, 2011, Gypsy Corporation had the following fair value adjustment:

FV-OCI Investments Portfolio—December 31, 2011

<u>Securities</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Petra, Inc. preferred	\$140,000	\$ 96,000	\$(44,000)
Weisberg Corp., common	179,000	193,000	14,000
Los Tigres Inc., common	<u>180,285</u>	<u>132,000</u>	<u>(48,285)</u>
Total of portfolio	<u>\$499,285</u>	<u>\$421,000</u>	<u>\$(78,285)</u>

The entries on December 31, 2011 are therefore as follows:

Holding Gain/Loss on Petra Inc. (OCI).....	44,000	
Investment in Weisberg Corp. (FV-OCI).....	14,000	
Holding Gain/Loss on Los Tigres Inc. (OCI).....	48,285	
Investment in Petra Inc. (FV-OCI).....		44,000
Holding Gain/Loss on Weisberg Corp. (OCI).....		14,000
Investment in Los Tigres Inc. (FV-OCI).....		48,285

(b) Reporting of FV-OCI Investments Carried at Fair Value

BALANCE SHEET, December 31, 2011

Current assets (assumed)	
Investments, at fair value with gains and losses through OCI	\$ 421,000
Shareholders' Equity	
Accumulated Other Comprehensive Income	(\$72,285)

INCOME STATEMENT, Quarter Ending December 31, 2011

Other revenues and gains	
Gain on sale of investments in shares	\$42,300

STATEMENT OF COMPREHENSIVE INCOME, Quarter Ending December 31, 2011

Net income (including realized gain of \$42,300)	\$ x
Other comprehensive income:	
Unrealized net losses on FV-OCI investments arising in year	(78,825)
Reclassification/reversal adjustment for (gains)/losses recycled through net income	<u>25,000</u>
Other comprehensive income	<u>(53,285)</u>
Comprehensive income	<u>\$ x - 53,285</u>

**STATEMENT OF CHANGES IN ACCUMULATED OTHER
Comprehensive Income, Quarter Ending December 31, 2011**

Accumulated other comprehensive income (loss), September 30, 2011	(\$19,000)
Other comprehensive income, quarter ending December 31, 2011	<u>(53,285)</u>
Accumulated other comprehensive income (loss), December 31, 2011	<u>(\$72,285)</u>

Question 1 (27 marks) (continued)

PART 3: (5 marks)

The following amortization schedule is for an investment in Baker Corp.'s \$100,000, five-year bonds with a 7% interest rate and a 5% yield, which were purchased on December 31, 2011, for \$108,660 :

	Cash Received	Interest Income	Bond Premium Amortized	Amortized Cost of Bonds
Dec. 31, 2011				\$108,660
Dec. 31, 2012	\$7,000	\$5,433	\$1,567	107,093
Dec. 31, 2013	7,000	5,354	1,646	105,447
Dec. 31, 2014	7,000	5,272	1,728	103,719
Dec. 31, 2015	7,000	5,186	1,814	101,905
Dec. 31, 2016	7,000	5,095	1,905	100,000

The following schedule presents a comparison of the amortized cost and fair value of the bonds at year end :

	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
Amortized cost	\$107,093	\$105,447	\$103,719	\$101,905	\$100,000
Fair value	\$106,500	\$107,500	\$105,650	\$103,000	\$100,000

Required

Prepare the investor's journal entry(ies) related to the FV-NI bonds for 2015.

December 31, 2015

Cash	7,000	
Investment in Baker Corp. Bonds (FV-NI)		1,814
Interest Income		5,186
Loss on Investment in Bonds (I/S)	836	
Investment in Baker Corp. Bonds (FV-NI)		836
\$103,000 - (\$105,650 – \$1,814)		

Question 1 (27 marks) (continued)

PART 4: (8 marks)

On January 1, 2010, Halkirk Company bought 30,000 shares of the available 100,000 voting common shares of Wong Corporation a publicly traded firm. This acquisition provided Halkirk with significant influence. Halkirk paid \$700,000 cash for the investment. At the time of the acquisition, Wong had assets of \$2,500,000 and liabilities of \$1,200,000. Asset values reflected fair market value except for capital assets that had a net book value of \$500,000 and a fair market value of \$730,000. These assets had a remaining useful life of five years. For 2010 Wong reported net income of \$400,000 and paid cash dividends of \$100,000. On May 16, 2011, Halkirk sold 1,500 of its shares in Wong for \$42,500. After this sale Halkirk retains significant influence in Wong Corporation.

Stock price information for Wong Corporation is below:

1.1.2010 - \$23
31.12.2010 - \$25
1.1.2011 - \$26

Required (Assume Halkirk uses ASPE (private entity GAAP)).

- (a) Did the initial investment include a payment for goodwill? Provide support for your answer.
- (b) At the end of 2010 what would appear on the income statement and balance sheet of Halkirk? Show supporting calculations.
- (c) Provide the entr(ies) to account for Halkirk's sale of the shares in May 2011.
- (d) How should Halkirk account for its remaining investment in Wong?

A)		
Purchase price (30%)		\$700,000
Market value of identifiable assets*	\$2,730,000	
Less: liabilities	(1,200,000)	
Total market value of net assets acquired	1,530,000	
Portion purchased (30%) (.3 x \$1,530,000)		<u>(459,000)</u>
Goodwill		<u>\$241,000</u>
*\$2,500,000 + (\$730,000 - \$500,000)		

B)		
Investment income, on income statement		
Share of net income (\$400,000 x .3)		\$120,000
Less: Amortization of fair value increment		
(\$730,000 - \$500,000)/ 5	\$ 46,000	
Investor portion	<u>0.3</u>	<u>(13,800)</u>
		<u>\$106,200</u>

Investment account, on balance sheet		
Cost		\$700,000
Plus: investment income		106,200
Less: dividends received (\$100,000 x .3)		<u>(30,000)</u>
		<u>\$776,200</u>

C)		
Cash	42,500	
Investment in Wong		38,810
Gain on sale of investment		3,690

To record the sale of the shares
 $\$776,200 \times 5\% = \$38,810$

Note asked: If after the sale Halkirk no longer has significant influence over Wong the use of the equity method will no longer be appropriate. In these circumstances, under ASPE, Halkirk could choose the cost or fair value to net income (FV-NI) for its remaining investment in Wong.

QUESTION 2 (35 marks)

Answer ALL parts to this question. Each part is independent.

PART 1: (7 marks)

Rover Corp. commenced business in 2011 and includes one coupon in each bag of dog food it sells. In return for three coupons, customers receive a dog toy that the company purchases for \$1.20 each. Rover's experience indicates that 60% of the coupons will be redeemed. During 2011, 100,000 bags of dog food were sold, 22,000 toys were purchased, and 45,000 coupons were redeemed. During 2012, 120,000 bags of dog food were sold, 26,000 toys were purchased, and 60,000 coupons were redeemed.

Required

Determine the premium (promotion) expense to be reported in the income statement and the estimated liability for premiums on the balance sheet for 2011 and 2012. Show all supporting calculations.

	<u>2011</u>	<u>2012</u>
Premium (promotion) expense	\$24,000 (1)	\$28,800 (3)
Estimated liability for premiums	6,000 (2)	10,800 (4)

- (1) $100,000 \times .6 = 60,000$; $60,000 \div 3 = 20,000$; $20,000 \times \$1.20 = \$24,000$.
(2) $45,000 \div 3 = 15,000$; $20,000 - 15,000 = 5,000$; $5,000 \times \$1.20 = \$6,000$.
(3) $120,000 \times .6 = 72,000$; $72,000 \div 3 = 24,000$; $24,000 \times \$1.20 = \$28,800$.
(4) $60,000 \div 3 = 20,000$; $5,000 + 24,000 - 20,000 = 9,000$; $9,000 \times \$1.20 = \$10,800$.

PART 2: (7 marks)

At their last year end, December 31, 2011, the liabilities outstanding of Diamond Corp included the following:

1. Cash dividends on common shares, \$100,000, payable on January 15, 2012.
2. Note payable to Manitoba Bank, \$850,000, due January 20, 2012.
3. Serial bonds, \$2,000,000, of which \$500,000 matures during 2012.
4. Note payable to Victoria Bank, \$200,000, due January 27, 2012.

The following transactions occurred early in 2012:

- January 15: The cash dividends were paid.
January 20: The note payable to Manitoba Bank was paid.
January 25: Diamond entered into a financing agreement with Saskatchewan Bank, enabling it to borrow up to \$1,000,000 at any time through the end of 2014. Amounts borrowed under the agreement would bear interest at 1% above the bank's prime rate and would mature 3 years from the date of the loan. The corporation immediately borrowed \$800,000 to replace the cash used in paying its January 20 note to Manitoba Bank.
January 26: 40,000 common shares were issued for \$300,000. \$200,000 of the proceeds was used to pay off the note payable to Victoria Bank.
February 1: The financial statements for 2011 were issued.

Required

Prepare a partial balance sheet in good form for Diamond Corp, showing the manner in which the above liabilities should be presented at December 31, 2011. Any appropriate note disclosure should be included. Diamond Corp. uses ASPE.

Current liabilities:		
Dividends payable on common shares	\$	100,000
Notes payable—Manitoba Bank		850,000
Note payable—Victoria Bank—Note 1		200,000
Currently maturing portion of serial bonds		<u>500,000</u>
Total current liabilities		\$1,650,000
Long-term debt:		
Serial bonds not maturing currently		<u>1,500,000</u>
Total long-term debt		<u>1,500,000</u>
Total liabilities		<u>\$3,150,000</u>

Note 1: On January 26, 2012, the corporation issued 40,000 common shares and received proceeds totalling \$300,000, of which \$200,000 was used to liquidate a note payable that matured on January 27, 2012.

Question 2 (35 marks) (continued)

PART 3: (7 marks)

On November 1, 2011 BondBeagle Inc. issues \$1,500,000 face value bonds. The bond date is February 1, 2011, and the bonds carry a coupon rate of 4% per year, payable semi-annually on January 31 and July 31. The bonds' maturity date is January 31, 2021. The bonds are sold to provide an annual yield of 6%.

BondBeagle Inc. uses the effective interest rate method to amortize any bond premium or discount. BondBeagle Inc.'s accounting year-end is August 31.

Required

Present the journal entry to record the issuance of the bonds: show all supporting calculations.

November 01, 2011	Date of issuance	Dr	Cr
Bond discount		210,580.00	
Cash		1,304,420.00	
	Interest payable		15,000.00
	Bonds payable		1,500,000.00
To record the issuance of 10.00-year bonds, face value \$1,500,000, stated interest rate 4.0000% per annum. The bond date is February 01, 2011 with interest paid semi-annually. There are 111 months (including 19 interest payments) between the bond's issuance and maturity dates. For details of how this journal entry's amounts are determined, please refer to the ISSUANCE_CALC sheet.			

The following table is not required in your solution:

	If the bonds were issued on:	
	July 31, 2011	January 31, 2012
	There would be 19 semi-annual interest payments (114 months) between July 31, 2011 and the maturity date, January 31, 2021	There would be 18 semi-annual interest payments (108 months) between January 31, 2012 and the maturity date, January 31, 2021
Present value of the bond's 19.00 semi-annual interest payments of \$30,000 (= \$1,500,000 x 4.0000%/2) at 3.0000% effective interest rate [\$429,714 = 14.3238 x \$30,000]	429,714.00	
Present value of the maturity value of \$1,500,000 at the end of 19.00 periods at 3.0000% effective interest rate [\$855,435 = 0.57029 x \$1,500,000]	855,435.00	
Present value of the bond's 18.00 semi-annual interest payments of \$30,000 (= \$1,500,000 x 4.0000%/2) at 3.0000% effective interest rate [\$412,605 = 13.75351 x \$30,000]		412,605.30
Present value of the maturity value of \$1,500,000 at the end of 18.00 periods at 3.0000% effective interest rate [\$881,085 = 0.58739 x \$1,500,000]		881,085.00
Total	1,285,149.00	1,293,690.30
Bond proceeds, excluding any accrued interest and issuance costs, on November 01, 2011 (which lies between July 31, 2011 and January 31, 2012). \$1,289,420 = \$1,285,149 + {[(\$1,293,690 - \$1,285,149)/6months] x 3months}	1,289,419.65	

Question 2 (35 marks) (continued)

PART 4: (7 marks)

On May 31, 2011 Mubarak Incorporated issues \$1,000,000 face value bonds. The bond date is March 30, 2011, and the bonds carry a coupon rate of 6% per year, payable semi-annually on March 31 and September 30. The bonds' maturity date is March 30, 2031. Proceeds upon issuance, excluding accrued interest, were \$657,769 and the bonds provide an annual yield of 10%.

Mubarak Inc. uses the effective interest rate method to amortize any bond premium or discount. Mubarak Inc.'s accounting year-end is October 31.

Required

Present the journal entry for these bonds on October 31, 2012.

20123
2013-2030216 (18yrs x 12)
20313
222 months

222/6 = 37 periods

30 Sept 2012 to 30 March 2031: 37 interest payment periods (does not include 30 Sept 2012)

\$30,000 x 16.711287 = \$ 501,339

\$1,000,000 x 0.1644356 = 164,435

Amortized cost at Sept 30, 2012 = \$665,774 (rounded)

October 31, 2012	The second accounting year-end after the issuance date			
		Dr	Cr	
Interest expense		5,548.12		= \$665,774 (see amortization table's semi-annual period 4) x 5.0000% (semi-annual yield) x 1/6 months
Bond discount			548.12	= \$5,548 - \$5,000
Interest payable			5,000.00	= \$1,000,000 x 1/12 months x 6.0000%
To record bond interest expense incurred between September 30, 2012 (the third interest payment date after the issuance date) and October 31, 2012. Effective interest rate method.				

PART 5: (7 marks)

On August 1, 2009, Dhoni Inc sold 8%, five year bonds with a maturity value of \$1,000,000 for \$982,000. Interest on the bonds is payable semi-annually on August 1 and February 1. The bonds are callable at 104 at any time after August 1, 2011. By October 1, 2011, the market rate of interest had declined and the market price of Dhoni's bonds had risen to 102. The company decides to refund the bonds by selling a new 6% bond issue to mature in five years. Dhoni begins to reacquire its 8% bonds in the market and is able to purchase \$300,000 face value at 102. The remainder of the outstanding bonds are acquired by exercising the bonds' call feature.

Required

How much is Dhoni's total gain or loss in reacquiring its 8% bonds? Assume the company uses straight-line amortization. Show calculations.

Reacquisition price:			
\$300,000 × 1.02 =	\$306,000		
\$700,000 × 1.04 =	728,000	\$1,034,000	
Less carrying value:			
\$982,000 + (\$18,000 × 26/60) =		989,800	
Loss on redemption		\$ 44,200	

QUESTION 3 (13 marks)

Answer ALL parts to this question. Each part is independent.

PART 1: (3 marks)

Required

Match the following terms to the definitions given in the table below by entering the appropriate letter in the left column. Each term may be used more than once or not at all.

Terms

- A. Stock dividend
- B. Liability dividend
- C. Property dividend
- D. Cash dividend
- E. None of these.

Definitions

	1: Issuance of additional shares to each shareholder at no cost.
	2: Issuance of a dividend that decreases both retained earnings and noncash assets.
	3: Issuance of a stock split.
	4: A dividend that does not change total assets, liabilities, or shareholders' equity.
	5: A dividend that decreases cash and shareholders' equity when declared and paid.
	6: A dividend that decreases retained earnings and increases contributed capital.

Answer:

1:A, 2:C, 3:A or E, 4:A, 5:D, 6:A

PART 2: (3 marks)

On July 1, 2011, the Board of Directors of Steyn Limited declared and distributed a stock dividend that required the issuance of 5,000 common shares. The common shares had a market value at this date of \$18 per share. Retained earnings amounted to \$900,000.

Required

Record the journal entry to record the stock dividend, assuming the 5,000 shares represented 10% of the previously outstanding shares.

Answer:

Retained Earnings90,000

Common Shares (5,000 x \$18)90,000

Question No. 3 (13 marks) (continued)

PART 3: (3 marks)

Chennai Corp. issued 5,000 common shares, no par, and 800 preferred shares. At the time of issue the common shares were selling at \$30 per. There is no current market value for the preferred shares. Total cash received was \$162,000.

Required

Prepare the journal entry to record the issuance of the shares.

Answer: (incremental method must be used since the market value for the preferred shares is not known)

<i>Cash</i>	<i>162,000</i>	
<i>Common shares</i>		<i>150,000</i>
<i>Preferred shares (plug)</i>		<i>12,000</i>

PART 4: (4 marks)

On January 1, 2011, Crosby Corporation was incorporated and issued 5,000 no-par common shares for \$14 per share. On February 4, 2011 Crosby purchased 10% of its common shares at \$16.50 per share to be held as treasury stock. On April 15, 2011 Crosby resold 200 treasury shares at \$18 per share. An additional 100 treasury shares were resold on April 20, 2011 at \$19 per share. The balance of the treasury shares was resold on April 30, 2011 for \$13 per share.

Required

Prepare the journal entry to record the sale on April 30, 2011. Show supporting computations.

Answer:

April 30, 2011:

<i>Cash (200 x \$13/share)</i>	<i>2,600</i>	
<i>Contributed capital – TS retirement</i>	<i>550</i>	
<i>(\$300* + \$250**)</i>		
<i>Retained earnings</i>	<i>150</i>	
<i>(\$3,300 – \$2,600 – \$550)</i>		
<i>Treasury stock (200 x \$16.50)</i>		<i>3,300</i>

* \$300 = 200 x (\$18 - \$16.50)

** \$200 = 100 x (\$19 - \$16.50)

Financial Tables

Table	2: PRESENT VALUE of \$1.00 that is received in the future.											
Period/Per	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%
1	0.9900990	0.9803922	0.9708738	0.9615385	0.9523810	0.9433962	0.9345794	0.9259259	0.9174312	0.9090909	0.9009009	0.8928571
2	0.9802960	0.9611688	0.9425959	0.9245562	0.9070295	0.8899964	0.8734387	0.8573388	0.8416800	0.8264463	0.8116224	0.7971939
3	0.9705901	0.9423223	0.9151417	0.8889964	0.8638376	0.8396193	0.8162979	0.7938322	0.7721835	0.7513148	0.7311914	0.7117802
4	0.9609803	0.9238454	0.8884870	0.8548042	0.8227025	0.7920937	0.7628952	0.7350299	0.7084252	0.6830135	0.6587310	0.6355181
5	0.9514657	0.9057308	0.8626088	0.8219271	0.7835262	0.7472582	0.7129862	0.6805832	0.6499314	0.6209213	0.5934513	0.5674269
6	0.9420452	0.8879714	0.8374843	0.7903145	0.7462154	0.7049605	0.6663422	0.6301696	0.5962673	0.5644739	0.5346408	0.5066311
7	0.9327181	0.8705602	0.8130915	0.7599178	0.7106813	0.6650571	0.6227497	0.5834904	0.5470342	0.5131581	0.4816584	0.4523492
8	0.9234832	0.8534904	0.7894092	0.7306902	0.6768394	0.6274124	0.5820091	0.5402689	0.5018663	0.4665074	0.4339265	0.4038832
9	0.9143398	0.8367553	0.7664167	0.7025867	0.6446089	0.5918985	0.5439337	0.5002490	0.4604278	0.4240976	0.3909248	0.3606100
10	0.9052870	0.8203483	0.7440939	0.6755642	0.6139133	0.5583948	0.5083493	0.4631935	0.4224108	0.3855433	0.3521845	0.3219732
11	0.8963237	0.8042630	0.7224213	0.6495809	0.5846793	0.5267875	0.4750928	0.4288829	0.3875329	0.3504939	0.3172833	0.2874761
12	0.8874492	0.7884932	0.7013799	0.6245970	0.5568374	0.4969694	0.4440120	0.3971138	0.3555347	0.3186308	0.2858408	0.2566751
13	0.8786626	0.7730325	0.6809513	0.6005741	0.5303214	0.4688390	0.4149644	0.3676979	0.3261786	0.2896644	0.2575143	0.2291742
14	0.8699630	0.7578750	0.6611178	0.5774751	0.5050680	0.4423010	0.3878172	0.3404610	0.2992465	0.2633313	0.2319948	0.2046198
15	0.8613495	0.7430147	0.6418619	0.5552645	0.4810171	0.4172651	0.3624460	0.3152417	0.2745380	0.2393920	0.2090043	0.1826963
16	0.8528213	0.7284458	0.6231669	0.5339082	0.4581115	0.3936463	0.3387346	0.2918905	0.2518698	0.2176291	0.1882922	0.1631217
17	0.8443775	0.7141626	0.6050164	0.5133732	0.4362967	0.3713644	0.3165744	0.2702690	0.2310732	0.1978447	0.1696326	0.1456443
18	0.8360173	0.7001594	0.5873946	0.4936281	0.4155207	0.3503438	0.2958639	0.2502490	0.2119937	0.1798588	0.1528222	0.1300396
19	0.8277399	0.6864308	0.5702860	0.4746424	0.3957340	0.3305130	0.2765083	0.2317121	0.1944897	0.1635080	0.1376776	0.1161068
20	0.8195445	0.6729713	0.5536758	0.4563869	0.3768895	0.3118047	0.2584190	0.2145482	0.1784309	0.1486436	0.1240339	0.1036668
21	0.8114302	0.6597758	0.5375493	0.4388336	0.3589424	0.2941554	0.2415131	0.1986557	0.1636981	0.1351306	0.1117423	0.0925596
22	0.8033962	0.6468390	0.5218925	0.4219554	0.3418499	0.2775051	0.2257132	0.1839405	0.1501817	0.1228460	0.1006687	0.0826425
23	0.7954418	0.6341559	0.5066917	0.4057263	0.3255713	0.2617973	0.2109469	0.1703153	0.1377814	0.1116782	0.0906925	0.0737880
24	0.7875661	0.6217215	0.4919337	0.3901215	0.3100679	0.2469785	0.1971466	0.1576993	0.1264049	0.1015256	0.0817050	0.0658821
25	0.7797684	0.6095309	0.4776056	0.3751168	0.2953028	0.2329986	0.1842492	0.1460179	0.1159678	0.0922960	0.0736081	0.0588233
26	0.7720480	0.5975793	0.4636947	0.3606892	0.2812407	0.2198100	0.1721955	0.1352018	0.1063925	0.0839055	0.0663136	0.0525208
27	0.7644039	0.5858620	0.4501891	0.3468166	0.2678483	0.2073680	0.1609304	0.1251868	0.0976078	0.0762777	0.0597420	0.0468936
28	0.7568356	0.5743746	0.4370768	0.3334775	0.2550936	0.1956301	0.1504022	0.1159137	0.0895484	0.0693433	0.0538216	0.0418693
29	0.7493421	0.5631123	0.4243464	0.3206514	0.2429463	0.1845567	0.1405628	0.1073275	0.0821545	0.0630394	0.0484879	0.0373833
30	0.7419229	0.5520709	0.4119868	0.3083187	0.2313774	0.1741101	0.1313671	0.0993773	0.0753711	0.0573086	0.0436828	0.0333779
31	0.7345771	0.5412460	0.3999871	0.2964603	0.2203595	0.1642548	0.1227730	0.0920160	0.0691478	0.0520987	0.0393539	0.0298017
32	0.7273041	0.5306333	0.3883370	0.2850579	0.2098662	0.1549574	0.1147411	0.0852000	0.0634384	0.0473624	0.0354540	0.0266087
33	0.7201031	0.5202287	0.3770262	0.2740942	0.1998725	0.1461862	0.1072347	0.0788889	0.0582003	0.0430568	0.0319405	0.0237577
34	0.7129733	0.5100282	0.3660449	0.2635521	0.1903548	0.1379115	0.1002193	0.0730453	0.0533948	0.0391425	0.0287752	0.0212123
35	0.7059142	0.5000276	0.3553834	0.2534155	0.1812903	0.1301052	0.0936629	0.0676345	0.0489861	0.0355841	0.0259236	0.0189395
36	0.6989249	0.4902232	0.3450324	0.2436687	0.1726574	0.1227408	0.0875355	0.0626246	0.0449413	0.0323492	0.0233546	0.0169103
37	0.6920049	0.4806109	0.3349829	0.2342968	0.1644356	0.1157932	0.0818088	0.0579857	0.0412306	0.0294093	0.0210402	0.0150985
38	0.6851534	0.4711872	0.3252262	0.2252854	0.1566054	0.1092389	0.0764569	0.0536905	0.0378262	0.0267349	0.0189551	0.0134808
39	0.6783697	0.4619482	0.3157535	0.2166206	0.1491480	0.1030555	0.0714550	0.0497134	0.0347030	0.0243044	0.0170767	0.0120364
40	0.6716531	0.4528904	0.3065568	0.2082890	0.1420457	0.0972222	0.0667804	0.0460309	0.0318376	0.0220949	0.0153844	0.0107468

Table	4: PRESENT VALUE of Annuity of \$1.00 in arrears.											
Period/Per	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%
1	0.990099	0.980392	0.970874	0.961538	0.952381	0.943396	0.934579	0.925926	0.917431	0.909091	0.900901	0.892857
2	1.970395	1.941561	1.913470	1.886095	1.859410	1.833393	1.808018	1.783265	1.759111	1.735537	1.712523	1.690051
3	2.940985	2.883883	2.828611	2.775091	2.723248	2.673012	2.624316	2.577097	2.531295	2.486852	2.443715	2.401831
4	3.901966	3.807729	3.717098	3.629895	3.545951	3.465106	3.387211	3.312127	3.239720	3.169865	3.102446	3.037349
5	4.853431	4.713460	4.579707	4.451822	4.329477	4.212364	4.100197	3.992710	3.889651	3.790787	3.695897	3.604776
6	5.795476	5.601431	5.417191	5.242137	5.075692	4.917324	4.766540	4.622880	4.485919	4.355261	4.230538	4.111407
7	6.728195	6.471991	6.230283	6.002055	5.786373	5.582381	5.389289	5.206370	5.032953	4.868419	4.712196	4.563757
8	7.651678	7.325481	7.019692	6.732745	6.463213	6.209794	5.971299	5.746639	5.534819	5.334926	5.146123	4.967640
9	8.566018	8.162237	7.786109	7.435332	7.107822	6.801692	6.515232	6.246888	5.995247	5.759024	5.537048	5.328250
10	9.471305	8.982585	8.530203	8.110896	7.721735	7.360087	7.023582	6.710081	6.417658	6.144567	5.889232	5.650223
11	10.367628	9.786848	9.252624	8.760477	8.306414	7.886875	7.498674	7.138964	6.805191	6.495061	6.206515	5.937699
12	11.255077	10.575341	9.954004	9.385074	8.863252	8.383844	7.942686	7.536078	7.160725	6.813692	6.492356	6.194374
13	12.133740	11.348374	10.634955	9.985648	9.393573	8.852683	8.357651	7.903776	7.486904	7.103356	6.749870	6.423548
14	13.003703	12.106249	11.296073	10.563123	9.898641	9.294984	8.745468	8.244237	7.786150	7.366687	6.981865	6.628168
15	13.865053	12.849264	11.937935	11.118387	10.379658	9.712249	9.107914	8.559479	8.060688	7.606080	7.190870	6.810864
16	14.717874	13.577709	12.561102	11.652296	10.837770	10.105895	9.446649	8.851369	8.312558	7.823709	7.379162	6.973986
17	15.562251	14.291872	13.166118	12.165669	11.274066	10.477260	9.763223	9.121638	8.543631	8.021553	7.548794	7.119630
18	16.398269	14.992031	13.753513	12.659297	11.689587	10.827603	10.059087	9.371887	8.755625	8.201412	7.701617	7.249670
19	17.226008	15.678462	14.323799	13.133939	12.085321	11.158116	10.335595	9.603599	8.950115	8.364920	7.839294	7.365777
20	18.045553	16.351433	14.877475	13.590326	12.462210	11.469921	10.594014	9.818147	9.128546	8.513564	7.963328	7.469444
21	18.856983	17.011209	15.415024	14.029160	12.821153	11.764077	10.835527	10.016803	9.292244	8.648694	8.075070	7.562003
22	19.660379	17.658048	15.936917	14.451115	13.163003	12.041582	11.061240	10.200744	9.442425	8.771540	8.175739	7.644646
23	20.455821	18.292204	16.443608	14.856842	13.488574	12.303379	11.272187	10.371059	9.580207	8.883218	8.266432	7.718434
24	21.243387	18.913926	16.935542	15.246963	13.798642	12.550358	11.469334	10.528758	9.706612	8.984744	8.348137	7.784316
25	22.023156	19.523456	17.413148	15.622080	14.093945	12.783356	11.653583	10.674776	9.822580	9.077040	8.421745	7.843139
26	22.795204	20.121036	17.876842	15.982769	14.375185	13.003166	11.825779	10.809978	9.928972	9.160945	8.488058	7.895660
27	23.559608	20.706898	18.327031	16.329586	14.643034	13.210534	11.986709	10.935165	10.026580	9.237223	8.547800	7.942554
28	24.316443	21.281272	18.764108	16.663063	14.898127	13.406164	12.137111	11.051078	10.116128	9.306567	8.601622	7.984423
29	25.065785	21.844385	19.188455	16.983715	15.141074	13.590721	12.277674	11.158406	10.198283	9.369606	8.650110	8.021806
30	25.807708	22.396456	19.600441	17.292033	15.372451	13.764831	12.409041	11.257783	10.273654	9.426914	8.693793	8.055184
31	26.542285	22.937702	20.000428	17.588494	15.592811	13.929086	12.531814	11.349799	10.342802	9.479013	8.733146	8.084986
32	27.269589	23.468335	20.388766	17.873551	15.802677	14.084043	12.646555	11.434999	10.406240	9.526376	8.768600	8.111594
33	27.989693	23.988564	20.765792	18.147646	16.002549	14.230230	12.753790	11.513888	10.464441	9.569432	8.800541	8.135352
34	28.702666	24.498592	21.131837	18.411198	16.192904	14.368141	12.854009	11.586934	10.517835	9.608575	8.829316	8.156564
35	29.408580	24.998619	21.487220	18.664613	16.374194	14.498246	12.947672	11.654568	10.566821	9.644159	8.855240	8.175504
36	30.107505	25.488842	21.832252	18.908282	16.546852	14.620987	13.035208	11.717193	10.611763	9.676508	8.878594	8.192414
37	30.799510	25.969453	22.167235	19.142579	16.711287	14.736780	13.117017	11.775179	10.652993	9.705917	8.899635	8.207513
38	31.484663	26.440641	22.492462	19.367864	16.867893	14.846019	13.193473	11.828869	10.690820	9.732651	8.918590	8.220993
39	32.163033	26.902589	22.808215	19.584485	17.017041	14.949075	13.264928	11.878582	10.725523	9.756956	8.935666	8.233030
40	32.834686	27.355479	23.114772	19.792774	17.159086	15.046297	13.331709	11.924613	10.757360	9.779051	8.951051	8.243777