Real-Time Corporation is a diversified company that uses an investment portfolio to manage its liquidity and to enhance earnings. Their fiscal year ends on December 31. On October 1, 2011, its investment portfolio consisted of the following securities:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Date** | **Purchased** | **Issuer Description** | **Cost** | **Market Value 09/30/2011**  |
| 07/01/11 | Maslow Company | 1,000,000 shares of preferred stock; will be held indefinitely | $20,000,000 | $19,400,000 |
| 08/02/11 | Cardinal Publishing | 250,000 shares of common stock; will be held unless needed for liquidity | $ 3,750,000 | $ 4,500,000 |
| 09/30/11 | Bardco Furniture | $10,000,000 face value, 8 percent bonds, maturing April 15, 2019; interest paid semi-annually on October 15 and April 15; may be sold if needed for liquidity purposes  | $10,000,000 | $10,000,000 |

Real-Time Corporation made all of the appropriate adjusting entries on September 30, 2011. During the last quarter of 2011 and the first few days of 2012, Real-Time Corporation had the following investment transactions:

|  |
| --- |
| **2011** |
| Oct 1 | Purchased U.S. Treasury Bonds for $2,300,000; the bonds mature in 2013 and bear interest at 5 percent, paid semiannually on September 30 and March 30. Real-Time Corporation anticipates that interest rate changes will force bond prices up in the next month and will sell these bonds at that time. |
| Oct 15 | Received semiannual interest on Bardco Bonds. |
| Oct 31 | Sold the U.S. Treasury Bonds for $2,400,000 plus accrued interest. |
| Nov 1 | Purchased $30,000,000 of Zardinia Corporation's bonds to yield 9 percent and paid $31,951,190. The bonds pay interest semiannually on April 30 and October 31 at the stated rate of 10 percent. Real-Time Corporation plans to hold these bonds to their maturity date, which is October 31, 2020. |
| Nov 30 | Sold the Bardco Bonds for $9,000,000 plus accrued interest because rising interest rates are expected to cause the value of the bonds to continue to decline. |
| Dec 1 | Purchased 500,000 Nazdak Corporation common stock, $1 par, for $18 per share. This investment was made in anticipation of an increase in the price of the company's stock, at which point it will be sold. |
| Dec 15 | Received $.50 per share in dividends on the Maslow Company stock. |
| Dec 31 | Created any schedules needed to record adjusting entries for the investment portfolios, and prepared the adjusting entries. Market values for the investments on December 31, 2011, were as follows:

|  |  |
| --- | --- |
| Maslow Company | $20,700,000 |
| Zardinia Corporation | $29,700,000 |
| Nazdak Corporation | $8,500,000 |
| Cardinal Publishing | $4,100,000 |

 |
| **2012** |
| Jan 2 | Sold $10,000,000 of the Zardinia Corporation bonds for face value. |
| Jan 5 | Sold all of the Nazdak shares at a price of $20 per share. |
| Jan 10 | Sold all of the Cardinal Publishing shares for $17.50 per share. |

Analyze the information provided above. Based on your analysis, complete the following:

* Prepare all of the appropriate schedules and journal entries for the transactions listed.
* Create an excerpt from the balance sheet showing how the investments will be reported on the company's balance sheet as of December 31, 2011.
* Create and submit the schedules, journal entries, and excerpt of the balance sheet.

Complete the above problems in a Microsoft Excel worksheet.