

**Q1//** Mena company constructed building at a cost of \$2,400,000 and occupied it beginning in January 1996. It was estimated at that time its life would be 40 years with no residual value.

In January 2016 a new roof was installed at a cost of \$300,000 and it was estimated then that the building would have a useful life 25 years from that date the cost of the old roof was \$180,000.

Required: (a) What amount of depreciation should have been charged annually from the year 1996 to 2015 ( assume straight line depreciation).

(b) What entry should be made in 2016 to record the replacement of the roof .

© prepare the entry in January 2016 to record the change in the estimated life of the building. If necessary. (d) What amount of depreciation should be charged for the year 2016?

**Q2//** Stone Corporation trading portfolio of stock investment consisted of the following at December 31,2014:

Stock	Number of shares	Cost
Craft Common Stock	200	\$ 30,000
Boone Common Stock	400	6,000
Hale Common Stock	300	9,000
Total		\$45,000

During 2015, the following transactions took place:

Feb. 5 Sold 50 shares of Craft common stock for \$9,000. Mar. 30 Purchased 25 shares of Hale common stock for \$950. Sep 9 purchased 50 shares of Hale common stock for \$2,000

At year end on December 31,2015,the market values per

	<u>Market value per share</u>
Craft Common stock	\$ 148
Boone Common stock	14
Hale Common stock	25

Required:

1-prepare the Journal entries to record the 2015 stock transactions.

2-On December 31,2015 prepare any adjusting entry that might be necessary relative to the trading portfolio.

3-Show how the stock investment will appear on Stone corporation's balance sheet at December 31,2015.

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