**xercise 12-8**

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| https://edugen.wileyplus.com/edugen/art2/common/pixel.gif | |
|  | Your answer is partially correct.  Try again. |
|  |  |

Presented below are two independent situations.

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| **1.** |  | Gambino Cosmetics acquired 10% of the 130,000 shares of common stock of Nevins Fashion at a total cost of $14 per share on March 18, 2017. On June 30, Nevins declared and paid a $68,000 dividend. On December 31, Nevins reported net income of $115,000 for the year. At December 31, the market price of Nevins Fashion was $16 per share. The stock is classified as available-for-sale. |
| **2.** |  | Kanza, Inc., obtained significant influence over Rogan Corporation by buying 40% of Rogan’s 35,000 outstanding shares of common stock at a total cost of $9 per share on January 1, 2017. On June 15, Rogan declared and paid a cash dividend of $20,000. On December 31, Rogan reported a net income of $73,000 for the year. |

Prepare all the necessary journal entries for 2017 for (a) Gambino Cosmetics and (b) Kanza, Inc. ***(Credit account titles are automatically indented when amount is entered. Do not indent manually. Record journal entries in the order presented in the problem. If no entry is required, select "No entry" for the account titles and enter 0 for the amounts.)***

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| **No.** | **Date** | **Account Titles and Explanation** | | **Debit** | **Credit** | |
| (a) | Entry field with correct answer |  | |  |  | |
|  | Entry field with correct answer | Entry field with correct answer | Entry field with correct answer |
|  |  | Entry field with correct answer | Entry field with correct answer | Entry field with correct answer | |
|  | Entry field with correct answer |  |  |  | |

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|  | Entry field with correct answer | Entry field with correct answer | Entry field with correct answer |
|  |  | Entry field with correct answer | Entry field with correct answer | Entry field with correct answer |
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| --- | --- | --- | --- |
|  | Entry field with correct answer | Entry field with incorrect answer | Entry field with correct answer |
|  |  | Entry field with correct answer | Entry field with correct answer | Entry field with incorrect answer |
| (b) | Entry field with correct answer |  |  |  |

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