BUSI 293 Assignment 3
Additional Hand-in Problem - Radar Resources

Radar Resources Inc. (Radar) is a mining company that recently raised $5,000,000 from a public financing. The Board of Directors has instructed the CFO to invest up to $3,000,000 in low risk investments that it can actively trade.

On the advice of the company's investment advisor, the following shares were purchased in October 2014:

Investment	# of shares	Total cost $
Google Inc	20,000	1,000,000
Monarch Bank of Canada	30,000	900,000
Samex Resources Ltd	100,000	200,000

During December 2014 Radar received cash dividends of $40,000 from its investment in Monarch Bank of Canada.

In 2015, the following transactions took place:

January 15 50,000 shares of Samex Resources Ltd. were purchased for $155,000.

March 22 10,000 shares of Monarch Bank of Canada were sold at $90 per share

June 17 75,000 shares of Lexus Resources were purchased at $15 per share

September 25 75,000 shares of Samex Resources Ltd. were sold for net proceeds (i.e. after commissions) for $300,000. (For the purposes of determining the cost of shares sold, use the weighted average cost).

As part of its banking arrangement, the company pays no commissions on the purchase of shares but is charged a 2.5% commission on the sale of all investments.

Market Price of investments – presented on a per share basis

Investment	January 1, 2013	December 31, 2014	December 31, 2015
Google Inc	$110.00	$120.00	$130.00
Monarch Bank of Canada	27.00	13.00	50.00
Samex Resources Ltd	1.50	2.00	0.75
Lexus Resources	9.00	11.00	20.00

Required:

a) Prepare all journal entries relating to held-for trading investments for 2014.

b) Prepare all journal entries relating to held-for-trading investments for 2015.

c) Briefly discuss why held-for-trading investments are valued at current market value while other assets such as property, plant and equipment are not adjusted to fair market value.