

Ex. 15–13

- a. 2010
Dec. 31

Valuation Allowance for Trading Investments	60,000	
Unrealized Gain on Trading Investments.....		60,000
To record increase in fair value of trading investments, 12,000 shares × (\$21 per share – \$16 per share).		

- 2011
Dec. 31

Unrealized Loss on Trading Investments.....	12,000	
Valuation Allowance for Trading Investments.....		12,000
To record decrease in fair value of trading investments, 12,000 shares × (\$21 per share – \$20 per share).		

- b. The unrealized gain or unrealized loss for trading investments is disclosed in the income statement as “other income” (or a separate item if significant). Unrealized losses would be deducted in determining net income, while unrealized gains would be added in determining net income.