

## B-06.06

Piven Mining Corporation holds significant limestone deposits. One of its key customers, Kuai Oil, produces crude oil from shale deposits. This production process requires limestone, and Piven is seeing a large increase in order flow from Kuai and other shale companies. Piven's management believes Kuai's stock is undervalued, and has decided to invest excess cash in the stock of Kuai Oil. The intent of this investment is for "trading" purposes only. Following are detailed facts about the Kuai investment. You should prepare journal entries to record the investment, and necessary end-of-month adjusting entries to reflect changes for each month.

- May 7 Purchased 500,000 shares of Kuai Oil at \$7 per share.
- May 31 The fair value of Kuai's stock was \$9 per share.
- June 30 The fair value of Kuai's stock was \$5 per share.
- July 15 Received a dividend from Kuai of \$0.10 per share.
- July 31 The fair value of Kuai's stock was \$8 per share.