DCC 205 Equity Transactions In Class Assignments Student Version Wild 8e

QS 11-5

Issuance of common stock P1

Prepare the issuer's journal entry for each of the following separate transactions.

1. On March 1, Atlantic Co. issues 42,500 shares of $4 par value common stock for $297,500 cash.
2. On April 1, Antigo Company issues no-par value common stock for $70,000 cash.
3. On April 6, MPG issues 2,000 shares of $25 par value common stock for $45,000 of inventory, $145,000 of machinery, and acceptance of a $94,000 note payable.

Exercise 11-2

Accounting for par, stated, and no-par stock issuances P1

Rodriguez Corporation issues 19,000 shares of its common stock for $152,000 cash on February 20. Prepare journal entries to record this event under each of the following separate situations.

1. The stock has a $2 par value.
2. The stock has neither par nor stated value.
3. The stock has a $5 stated value.

Exercise 11-3

Recording stock issuances P1

Prepare journal entries to record the following four separate issuances of stock.

1. A corporation issued 4,000 shares of $5 par value common stock for $35,000 cash.
2. A corporation issued 2,000 shares of no-par common stock to its promoters in exchange for their efforts, estimated to be worth $40,000. The stock has a $1 per share stated value.
3. A corporation issued 2,000 shares of no-par common stock to its promoters in exchange for their efforts, estimated to be worth $40,000. The stock has no stated value.
4. A corporation issued 1,000 shares of $50 par value preferred stock for $60,000 cash.

QS 11-11

Purchase and sale of treasury stock P3

On May 3, Zirbal Corporation purchased 4,000 shares of its own stock for $36,000 cash. On November 4, Zirbal reissued 850 shares of this treasury stock for $8,500. Prepare the May 3 and November 4 journal entries to record Zirbal's purchase and reissuance of treasury stock.

QS 11-6

Accounting for cash dividends P2

Prepare journal entries to record the following transactions for Emerson Corporation.

|  |  |  |
| --- | --- | --- |
| July | 15 | Declared a cash dividend payable to common stockholders of $165,000. |
| Aug. | 15 | Date of record is August 15 for the cash dividend declared on July 15. |
| Aug. | 31 | Paid the dividend declared on July 15. |

QS 11-10

Dividend allocation between classes of shareholders C2

Stockholders' equity of Ernst Company consists of 80,000 shares of $5 par value, 8% cumulative preferred stock and 250,000 shares of $1 par value common stock. Both classes of stock have been outstanding since the company's inception. Ernst did not declare any dividends in the prior year, but it now declares and pays a $110,000 cash dividend at the current year-end. Determine the amount distributed to each class of stockholders for this two-year-old company.

Exercise 11-8

Dividends on common and noncumulative preferred stock C2

York's outstanding stock consists of 80,000 shares of *noncumulative* 7.5% preferred stock with a $5 par value and also 200,000 shares of common stock with a $1 par value. During its first four years of operation, the corporation declared and paid the following total cash dividends:



Determine the amount of dividends paid each year to each of the two classes of stockholders: preferred and common. Also compute the total dividends paid to each class for the four years combined.

Check   4-year total paid to preferred, $108,000

Exercise 11-9

Dividends on common and cumulative preferred stock C2

Use the data in Exercise 11-8 to determine the amount of dividends paid each year to each of the two classes of stockholders assuming that the preferred stock is *cumulative.* Also determine the total dividends paid to each class for the four years combined.