

Name _____ Date _____ B

Discussion Section: _____ Row _____ Seat _____

Principles of Financial and Managerial Accounting II
Chapter 15 -- Retained Earnings
 Spring 2012

Money Makers, Inc., has 50,000 shares of \$30 par common stock issued (the company paid \$40 a share for 2,000 shares of treasury stock). Present entries, in the space provided below, to record the following selected transactions which were completed during the current fiscal year. Please skip one line between your entries.

Feb. 10 Declared a 5% stock dividend on the common stock outstanding. The market price of the stock is \$35.

48,000 sh x 5% = 2,400 new shares

May 10 Issued the certificates for the stock dividend

$x \$35 \text{ (mkt)} = 84,000$
 $x \$30 \text{ (par)} = 72,000$
 $x \$5 \text{ (excess)} = 12,000$

Aug. 10 Declared a cash dividend of \$3 per share. $(50,000 - 2,000 + 2,400) \times \$3 = 151,200$

Oct. 10 Paid the cash dividend.

2-10	Stock Dividends	84,000	
	Stock Dividends Distributable		72,000
	PIC in excess of par – C Stk		12,000
5-10	Stock Dividends Distributable	72,000	
	Common Stock		72,000
8-10	Cash Dividends	151,200	
	Cash Dividends Payable		151,200
10-10	Cash Dividends Payable	151,200	
	Cash		151,200

10. Treasury Stock appears on the Balance Sheet as a/an DEDUCTION (addition or deduction) in the stockholders' equity section.