

Review

Treasury Stock, Cash Dividends, Stock Dividends, and Stock Splits

As of January 1, the beginning of the current fiscal year, Shocky Corporation had issued 40,000 common, \$100 par shares of the 200,000 shares authorized. The retained earnings balance was \$947,500. The following transactions affecting common stock occurred during the fiscal year:

2/5 The board of directors declared a \$2 per share dividend on the common stock, payable on March 5 to stockholders of record on February 25.

3/5 Paid the dividends declared on February 5.

5/1 The board of directors authorized the reduction of par of its common shares from \$100 to \$25 when the market value of the stock was \$240.

After the split, determine ...

number of shares issued:
number of shares outstanding:
estimated market price after split:

5/31 Purchased 2,500 shares of treasury stock for \$65 each.

6/12 The board of directors declared a \$.50 per share dividend on the common stock outstanding, payable on July 8 to stockholders of record on July 1.

7/8 Paid the dividends declared on June 12.

8/29 Sold 500 of the treasury shares for \$70 each.

9/1 The board of directors declared a 5% stock dividend on outstanding common shares to be distributed on October 16 to stockholders of record on September 20. The market price of the stock is \$75 per share.

10/16 Distributed the stock dividend declared on September 1.

11/28 The board of directors declared a \$.50 per share dividend on the common stock outstanding, payable on December 15 to stockholders of record on December 13.

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As of January 1, the beginning of the current fiscal year, Shocky Corporation had issued 40,000 common, \$100 par shares of the 200,000 shares authorized. The retained earnings balance was \$947,500. The following transactions affecting common stock occurred during the fiscal year:

2/5 The board of directors declared a \$2 per share dividend on the common stock, payable on March 5 to stockholders of record on February 25.

2/5	Cash Dividends (or RE)		80,000	
	Dividends Payable			80,000

3/5 Paid the dividends declared on February 5.

3/5	Dividends Payable		80,000	
	Cash			80,000

5/1 The board of directors authorized the reduction of par of its common shares from \$100 to \$25 when the market value of the stock was \$240.

	No entry necessary.			

After the split, determine ...

number of shares issued:	160000
number of shares outstanding:	160000
estimated market price after split:	\$60

5/31 Purchased 2,500 shares of treasury stock for \$65 each.

5/31	Treasury Stock		162,500	
	Cash			162,500

6/12 The board of directors declared a \$.50 per share dividend on the common stock outstanding, payable on July 8 to stockholders of record on July 1.

6/12	Cash Dividends		78,750	
	Dividends Payable			78,750

7/8 Paid the dividends declared on June 12.

7/8	Dividends Payable		78,750	
	Cash			78,750

8/29 Sold 500 of the treasury shares for \$70 each.

8/29	Cash		35,000	
	Treasury Stock			32,500
	PIC from Treas Stk			2,500

9/1 The board of directors declared a 5% stock dividend on outstanding common shares to be distributed on October 16 to stockholders of record on September 20. The market price of the stock is \$75 per share.

9/1	Stock Dividends (or RE)		592,500	
	Stk Div Distributable			197,500
	PIC in Excess of Par			395,000

10/16 Distributed the stock dividend declared on September 1.

10/16	Stk Div Distributable		197,500	
	Common Stock			197,500

11/28 The board of directors declared a \$.50 per share dividend on the common stock outstanding, payable on December 15 to stockholders of record on December 13.

11/28	Cash Dividends		82,950	
	Dividends Payable			82,950