Solution:

(1)

Since this is a true stock split, it does not need a journal entry, but the financial statement will be affected.

The number of stocks that is issued will increased by 2, which will affect the treasury stock as well. The amount does not change.

So, the statement will be prepared as follows:

STATEMENT OF STOCKHOLDERS' EQUITY of 2011(in millions of $) **Name: Coca Cola Co.**	
Particulars	**Amount**
Common stock, $0.125 per value; Authorized – 5,600 million shares. Issued – 7,040 million shares	880
Capital Surplus	11,212
Re-invested Earnings	53,550
Accumulated other comprehensive income (loss)	(2,703)
Treasury Stock at cost – 2,514 million shares	(31,304)
Total Stockholders' Equity	**31,635**

(2)

Since it is a stock dividend, the par value remains same, meaning that the issued stock will be increased by the same amount. We also see that the retained earning should hence decrease by the same amount:

The journal entry is:

Retained Earnings	880	
To Common Stock		880

The statement of stockholders' equity is given on the next page:

STATEMENT OF STOCKHOLDERS' EQUITY of 2011(in millions of $) Name: Coca Cola Co.	
Particulars	**Amount**
Common stock, $0.25 per value; Authorized – 5,600 million shares. Issued – 7,040 million shares	1,760
Capital Surplus	11,212
Re-invested Earnings	52,670
Accumulated other comprehensive income (loss)	(2,703)
Treasury Stock at cost – 2,514 million shares	(31,304)
Total Stockholders' Equity	**31,635**