

Stockholder's Equity Handout

1. Blake Drives, Inc. reported the following in its owner's equity section of the balance sheet as of December 31, 2014:

Common Stock (\$1 par, 30,000 shares issued and outstanding)	\$30,000
Additional Paid-in Capital	\$300,000
Retained Earnings	<u>\$1,250,000</u>
Total Owner's Equity	<u>\$1,580,000</u>

On April 21, 2015, Blake bought 2,000 of its shares back for \$12 per share. Prepare the owner's equity section of the balance sheet for April 30, 2015.

2. Collins, Inc. reported the following in its owner's equity section of the balance sheet as of December 31, 2014:

Common Stock (\$1 par, 120,000 shares issued, 110,000 shares outstanding)	\$120,000
Additional Paid-in Capital	\$450,000
Retained Earnings	\$360,000
Treasury Stock (10,000 shares)	<u>(\$80,000)</u>
Total Owner's Equity	<u>\$850,000</u>

How much did the common shares sell for (assume all sold at the same price)? How much is contributed capital at the balance sheet date? How much is book value per share at the balance sheet date?

3. Wesley Corporation's owner's equity as of June 1, 2014 is as follows:

Common Stock (\$5 par, 20,000 shares outstanding)	\$100,000
Additional Paid-in Capital	280,000
Retained Earnings	<u>750,000</u>
Total Owner's Equity	<u>\$1,130,000</u>

The market price of Wesley's common stock is \$25. If Wesley declares a 15% stock dividend as of June 2nd, how is it accounted for on the balance sheet? What if it is a 30% dividend instead?

4. Griffin Corporation's Owner's Equity has the following balances as of March 15, 2014:

Common Stock (\$2 par, 10,000 shares outstanding)	\$20,000
Additional Paid-in Capital	120,000
Retained Earnings	<u>550,000</u>
Total Owner's Equity	<u>\$690,000</u>

The market price of Griffin's common stock is \$40. If Griffin declares a 2-1 split on March 16th, how is it accounted for on the balance sheet?