

P13-3B

The stockholders' equity accounts of Joey Corporation on January 1, 2012, were as follows.

Preferred Stock (10%, \$100 par, noncumulative, 5,000 shares authorized)	\$ 300,000
Common Stock (\$5 stated value, 300,000 shares authorized)	1,000,000
Paid-in Capital in Excess of Par—Preferred Stock	20,000
Paid-in Capital in Excess of Stated Value—Common Stock	425,000
Retained Earnings	488,000
Treasury Stock (5,000 common shares)	40,000

During 2012, the corporation had the following transactions and events pertaining to its stockholders' equity.

- Feb. 1 Issued 3,000 shares of common stock for \$25,500.
- Mar. 20 Purchased 1,500 additional shares of common treasury stock at \$8 per share.
- June 14 Sold 4,000 shares of treasury stock—common for \$36,000.
- Sept. 3 Issued 2,000 shares of common stock for a patent valued at \$19,000.
- Dec. 31 Determined that net income for the year was \$350,000.

I Instructions

- (a) Journalize the transactions and the closing entry for net income.
- (b) Enter the beginning balances in the accounts and post the journal entries to the stockholders' equity accounts. (Use J1 as the posting reference.)
- (c) Prepare a stockholders' equity section at December 31, 2012.

**P13-6B**

Geoffery Corporation has been authorized to issue 40,000 shares of \$100 par value, 8%, noncumulative preferred stock and 2,000,000 shares of no-par common stock. The corporation assigned a \$5 stated value to the common stock. At December 31, 2012, the ledger contained the following balances pertaining to stockholders' equity.

Preferred Stock	\$ 240,000
Paid-in Capital in Excess of Par—Preferred Stock	56,000
Common Stock	2,000,000
Paid-in Capital in Excess of Stated Value—Common Stock	4,400,000
Treasury Stock (1,000 common shares)	22,000
Paid-in Capital from Treasury Stock	3,000
Retained Earnings	560,000

The preferred stock was issued for land having a fair value of \$296,000. All common stock issued was for cash. In November, 1,500 shares of common stock were purchased for the treasury at a per share cost of \$22. In December, 500 shares of treasury stock were sold for \$28 per share. No dividends were declared in 2012.

**Instructions**

- (a) Prepare the journal entries for the:
1. Issuance of preferred stock for land.
  2. Issuance of common stock for cash.
  3. Purchase of common treasury stock for cash.
  4. Sale of treasury stock for cash.
- (b) Prepare the stockholders' equity section at December 31, 2012.

**P12-2**  
**B**

At the end of its first year of operations on December 31, 2012, SHB Company's accounts show the following.

	<b>Partner Drawings</b>	<b>Capital</b>
Staal	\$15,000	\$40,000
Harris	10,000	25,000
Blaine	5,000	15,000

The capital balance represents each partner's initial capital investment. Therefore, net income or net loss for 2012 has not been closed to the partners' capital accounts.

### Instructions

(a) Journalize the entry to record the division of net income for 2012 under each of the independent assumptions shown.

1. Net income is \$50,000. Income is shared 5 : 3 : 2.
2. Net income is \$40,000. Staal and Harris are given salary allowances of \$15,000 and \$10,000, respectively. The remainder is shared equally.
3. Net income is \$37,000. Each partner is allowed interest of 10% on beginning capital balances. Staal is given a \$20,000 salary allowance. The remainder is shared equally.

- (b) Prepare a schedule showing the division of net income under assumption (3) above.
- (c) Prepare a partners' capital statement for the year under assumption (3) above.