Prob. 13–4A

1. and 2.

Common Stock

			Jan. 1	Bal.	3,800,000
			Mar. 3		200,000
			Aug. 15		120,000
			Dec. 31	Bal.	4,120,000

Paid-In Capital in Excess of Stated Value

			Jan. 1	Bal.	760,000
			Mar. 3		260,000
			July 1		240,000
			Dec. 31	Bal.	1,260,000

Retained Earnings

Dec. 31		460,500	Jan. 1	Bal.	4,390,000
			Dec. 31		639,500
			Dec. 31	Bal.	4,569,000

Treasury Stock

Jan. 1	Bal.	500,000	May 21		500,000
Sept. 30		230,000			
Dec. 31	Bal.	230,000			

Paid-In Capital from Sale of Treasury Stock

			May 21		150,000

Stock Dividends Distributable

Aug. 15		120,000	July 1		120,000

Stock Dividends

July 1		360,000	Dec. 31		360,000

Cash Dividends

Dec. 27		100,500	Dec. 31		100,500

Prob. 13–4A Continued

2.

Jan. 10	Cash Dividends Payable	71,000*	
	Cash		71,000
	*[(380,000 – 25,000) × $0.20]		
Mar. 3	Cash	460,000	
	Common Stock (20,000 × $10)		200,000
	Paid-In Capital in Excess of Stated Value		260,000
May 21	Cash	650,000	
	Treasury Stock (25,000 × $20)		500,000
	Paid-In Capital from Sale of Treasury Stock		150,000
July 1	Stock Dividends	360,000*	
	Stock Dividends Distributable (12,000 × $10)		120,000
	Paid-In Capital in Excess of Stated Value		240,000
	*(380,000 + 20,000) × 3% × $30		
Aug. 15	Stock Dividends Distributable	120,000	
	Common Stock		120,000
Sept. 30	Treasury Stock	230,000	
	Cash		230,000
Dec. 27	Cash Dividends	100,500*	
	Cash Dividends Payable		100,500
	*(380,000 + 20,000 + 12,000 – 10,000) × $0.25		
31	Income Summary	639,500	
	Retained Earnings		639,500
31	Retained Earnings	460,500	
	Stock Dividends		360,000
	Cash Dividends		100,500

Prob. 13–4A Concluded

3.

EUREKA ENTERPRISES INC.
Retained Earnings Statement
For the Year Ended December 31, 2008

Retained earnings (January 1, 2008)		$4,390,000
Net income	$ 639,500	
Less: Cash dividends	(100,500)	
Stock dividends	(360,000)	
Increase in retained earnings		179,000
Retained earnings (December 31, 2008)		$4,569,000

4.

Stockholders' Equity

Paid-in capital:		
Common stock, $10 stated value (500,000 shares authorized, 412,000 shares issued)	$ 4,120,000	
Excess of issue price over stated value	1,260,000	
From sale of treasury stock	150,000	
Total paid-in capital		$ 5,530,000
Retained earnings		4,569,000
Total		$10,099,000
Deduct treasury stock (10,000 shares at cost)		230,000
Total stockholders' equity		$ 9,869,000

Prob. 13–5A

Jan.	3	No entry required. The stockholders ledger would be revised to record the increased number of shares held by each stockholder.		
Feb.	20	Treasury Stock (50,000 × $32)	1,600,000	
		Cash		1,600,000
May	1	Cash Dividends	73,000*	
		Cash Dividends Payable		73,000
		*(30,000 × $0.80) + [(400,000 – 50,000) × $0.14]		
June	1	Cash Dividends Payable	73,000	
		Cash		73,000
Aug.	5	Cash (42,000 × $39)	1,638,000	
		Treasury Stock (42,000 × $32)		1,344,000
		Paid-In Capital from Sale of Treasury Stock (42,000 × $7)		294,000
Nov.	15	Cash Dividends	82,800*	
		Cash Dividends Payable		82,800
		*(30,000 × $0.80) + [(400,000 – 8,000) × $0.15]		
	15	Stock Dividends (7,840 × $40)	313,600**	
		Stock Dividends Distributable (7,840 × $25)		196,000
		Paid-In Capital in Excess of Par—Common Stock (7,840 × $15)		117,600
		**(400,000 – 8,000) × 2% × $40		
Dec.	31	Cash Dividends Payable	82,800	
		Cash		82,800
	31	Stock Dividends Distributable	196,000	
		Common Stock		196,000