

On January 10, 2011, Ryland Carpet Corporation is incorporated and is authorized to issue 20,000 shares of \$7 par value common stock. On January 12, 2011, it issues 1,000 shares at \$12 per share, and on July 5, 2011, it issues another 800 shares at \$15 per share.

Required:

- Record the two issuances of common stock for Ryland.
- Prepare the contributed capital section of Ryland's December 31, 2011 balance sheet.

1.

	Assets	=	Liabilities	+	Stockholders' Equity	
					<i>Contributed Capital</i>	
	Cash				Common Stock	Additional Paid-in Capital
1/12	\$12,000				\$7,000	\$5,000
7/05	12,000				5,600	6,400

2.

2011 Balance Sheet

Contributed capital

Common stock, \$7 par value, 20,000 authorized, 1,800 issued and outstanding.....	\$12,600
Additional paid-in capital.....	11,400
<b>Total contributed capital.....</b>	<b><u>\$24,000</u></b>

23-24

Antley Company issued 200 shares of \$10 par value common stock in exchange for five acres of land.

*Required:* Record the acquisition of the land for each of the following independent situations:

- a. The common stock is currently selling on the stock market for \$80 per share
- b. The land is appraised at \$15,000, but the stock is not actively traded in the stock market.

a.

Assets	=	Liabilities	+	Stockholders' Equity	
				<i>Contributed Capital</i>	
Land				Common Stock	Additional Paid-In Capital
\$16,000				\$2,000	\$14,000

b.

Assets	=	Liabilities	+	Stockholders' Equity	
				<i>Contributed Capital</i>	
Land				Common Stock	Additional Paid-In Capital
\$15,000				\$2,000	\$13,000

23-28

On January 1, Amitroy Company had 20,000 shares of \$5 par value common stock outstanding. The shares were originally issued at \$12 per share. During the year, the following stock transactions occurred:

*March 4:* The company reacquired 2,000 shares of its common stock at a cost of \$12 per share.

*April 5:* The company sold 1,000 shares of the treasury stock for \$14 per share.

*July 9:* The company sold the remaining 1,000 shares of the treasury stock for \$11 per share.

*Required:*

1. Record all the preceding transactions in one set of accounts for Amitroy.
2. What is the final net effect on the accounts after these transactions are recorded? Why?

1.

	Assets	=	Liabilities	+	Stockholders' Equity	
					<i>Contributed Capital</i>	
	Cash				Additional Paid-in Capital	- Treasury Stock
3/04	\$(24,000)					- \$24,000
4/05	14,000				\$2,000	- (12,000)
7/09	11,000				(1,000)	(12,000)

2. After these transactions are recorded, the net effect is that both cash and additional paid-in capital have increased by \$1,000 because the company sold the 1,000 shares of treasury stock for \$1,000 more than it paid for them.